

SOUTHWESTERN ELECTRIC POWER COMPANY
Regulatory Commission Expense
For the Test Year Ended March 31, 2020

SOAH Docket No. 473-21-0538
PUC Docket No. 51415
Staff's 5th, Q. # STAFF 5-63
Attachment 1
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Line No.	(1) Description	(2) Docket No.	(3) Test Year Amount	(4) Company Adjustments	(5) Company Request
1	<u>Proceedings - Account 9280002</u>				
2	SWEPCO TX 2012 Base Rate Case	Docket No. 40443	47	(47)	-
3	SWEPCO TX 2012 Base Rate Case (AEPSC)		742	(742)	-
4	SWEPCO TX 2016 Base Rate Case	Docket No. 46449	(34,694)	34,694	-
5	SWEPCO TX 2016 Base Rate Case (AEPSC)		1,119	(1,119)	-
6	SWEPCO TX 2018 Rate Case Expense Recovery Filing	Docket No. 47141	(30,608)	30,608	-
7	SWEPCO TX 2018 Rate Case Expense Recovery Filing (AEPSC)		32,966	(32,966)	-
8	SWEPCO TX 2020 Base Rate Case	TBD	9,828	-	9,828
9	SWEPCO TX - Rate Case Expense Amortization		350,801	(350,801)	-
10	SWEPCO TX 2018 DCRF Filing	Docket No. 49041	45,533	(39,377)	6,156
11	SWEPCO TX 2018 TCRF Filing	Docket No. 49042	94,220	(70,011)	24,208
12	SWEPCO TX 2020 GCRG Rule Making		1,999	(1,999)	-
13	SWEPCO TX EECRF	Docket Nos. 49499/50805	647	-	647
14	SWEPCO TX EECRF (AEPSC)		6,896	(6,896)	-
15	SWEPCO TX 2017 Fuel Factor Filing		4,985	(4,741)	244
16	SWEPCO TX Fuel Refund Filing	Docket No. 49974	45,067	(30,356)	14,711
17	SWEPCO TX Fuel Refund Filing (AEPSC)		6	(6)	-
18	SWEPCO TX 2020 Fuel Reconciliation Filing	Docket No. 50997	73,141	(13,101)	60,040
19	SWEPCO TX Tax Filing	Docket No. 48233	100	(100)	-
20	SWEPCO TX Tax Filing (AEPSC)		286	(286)	-
21	Texas Misc. Legislative & Regulatory		(12,270)	67,974	55,704
22	Louisiana 2019 IRP Filing		13,069	(13,069)	-
23	Louisiana 2019 IRP Filing (AEPSC)		254,470	(254,470)	-
24	Louisiana Misc. Legislative & Regulatory		167,977	(167,977)	-
25	Louisiana Base Rate Case Filing		16,900	(16,900)	-
26	Louisiana Base Rate Case Filing (AEPSC)		12,015	(12,015)	-
27	Arkansas Base Rate Case Filing	Docket No. 19-008-U	166,889	(166,889)	-
28	Arkansas Base Rate Case Filing (AEPSC)		1,182,815	(1,182,815)	-
29	Arkansas Misc. Legislative & Regulatory		10,977	(10,977)	-
30	Arkansas Misc. Legislative & Regulatory (AEPSC)		8,533	(8,533)	-
31	Miscellaneous Regulatory Expense		4,754	(4,754)	-
32	Miscellaneous Regulatory Expense (AEPSC)		67,974	(67,974)	-
33	Total- Account 9280002		2,497,184	(2,325,646)	171,538
34	SWEPCO Direct - proforma adj A-3.19		\$ 929,361	\$ (757,823)	\$ 171,538
35	AEPSC proforma adjustment A-3.18 (Work Order Adj Only)		1,567,823	(1,567,823)	-
36	Total Account 9280002		\$ 2,497,184	\$ (2,325,646)	\$ 171,538

Other Accounts (9280000, 9280001, 9280003, 9280005)					
Line			Test Year	Company	Company
No.	Description	Docket No.	Amount	Adjustment as Corrected	Request as Corrected
37	Arkansas Base Rate Case Amortization	Docket No. 19-008-U	39,029	(39,029)	-
38	Misc FERC Regulatory Expense		38,196	-	38,196
39	Misc Other Jurisdictions (OH, OK, VA, WV)		15,471	(15,471)	-
40	Texas FERC Fees		43,075	-	43,075
41	Deferral of PUCT Expenses Per PURA Sec.39.504		(8,194)	8,194	-
			127,578	(46,306)	81,271
42	Total FERC Account 9280		\$ 2,624,761	\$ (2,371,952)	\$ 252,810

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STAFF ADJUSTMENT TO FACTORING RATE

Schedule A-3 Adjustment 5 as filed by SWEPCO

SOUTHWESTERN ELECTRIC POWER COMPANY

Factoring Expense

For the Test Year Ended March 31, 2020

Factoring Model

Revenues WP A-3.5 (a)	1,614,421,809
Interest Cost - Avg Test Year Rate	1.4985%
x Debt Percent	95.00%
Debt Component	1.4236%
Allowed ROCE	10.35%
/ Tax Effect	0.79
Pretax ROCE	13.1013%
x Equity Percent	5.00%
Equity Component	0.6551%
Total Annual Weighted Cost of Capital	2.0786%
/ Days in Year	365
Daily Capital Cost Factor	0.000057
x Average Days Outstanding	31.82
Effective Carrying Cost Rate	0.1813720%
Carrying Cost Expense	2,928,109
Effective Bad Debt Rate	0.2793%
(Bad Debt Expense January 2011 - December 2011)	
Estimated Bad Debt Expense	4,509,449
Total Factoring Expense	7,437,558
Total Bank WP A-3.5	978,048
Total Cost	8,415,606
Effective Factoring Rate	0.5212768%

Staff Adjusted Factoring Rate	Staff Adjusted Factoring Rate
1,614,421,809	
1.4985%	
95.00%	
1.4236%	
9.225%	
0.79	
11.6772%	
5.00%	
0.5839%	
2.0074%	
365	
0.000055	
31.82	
0.1750024%	0.1750%
2,825,278	
0.2793%	0.2793%
4,509,080	
7,334,358	
978,048	0.0606%
8,312,406	
0.514884%	0.5149%

Adjust Cost of Equity

Revenue Deficiency	228,419,735
Factoring Rate	0.521277%
Factoring Exp on Deficiency	1,190,699

SOUTHWESTERN ELECTRIC POWER COMPANY
Factoring Expense
For the Test Year Ended March 31, 2020

Line No.	Description	Test Year Calculated Factoring Expense	Base+Fuel Rev Adjustments	Total Adjusted
1	Revenues (Total Company - Factored)	1,654,745,157	(40,323,348)	1,614,421,809
2	Interest Cost	1.4985%		1.4985%
3	x Debt Percent	95.00%		95.00%
4	Debt Component	1.4236%		1.4236%
5	Allowed ROCE	10.35%		10.35%
6	/ Tax Effect	0.79		0.79
7	Pretax ROCE	13.1013%		13.1013%
8	x Equity Percent	5.00%		5.00%
9	Equity Component	0.6551%		0.6551%
10	Total Annual Weighted Cost of Capital	2.0787%		2.0787%
11	/ Days in Year	365		365
12	Daily Capital Cost Factor	0.000057		0.000057
13	x Average Days Outstanding	31.82		31.82
14	(Average SWEPCO DSO for April 2019 - March 2020)			
15	Effective Carrying Cost Rate	0.001814		0.001814
16	Carrying Cost Expense (a)	3,001,244		2,928,109
17	Effective Bad Debt Rate	0.002793		0.002793
18	(Bad Debt Expense April 2019 - March 2020)			
19	Estimated Bad Debt Expense (b)	4,622,081		4,509,449
20	Total Factoring Expense (a) + (b)	7,623,325		7,437,557
21	Total Banking Fees - .07% x Amt. factored	1,002,477	(24,428.68)	978,048
22				
23	Total Cost	<u>8,625,802</u>		<u>8,415,606</u>
24	Effective Factoring Rate	0.0052128		0.0052128
	Jurisdiction	Fuel Rev Adj	Base Rev Adj	Total Rev Adj
	TX	(6,379,948)	(8,314,213)	(14,694,162)
	LA	(403,416)	(727,489)	(1,130,905)
	AR	(2,722,315)	(710,011)	(3,432,326)
	Wholesale	(11,282,624)	(9,783,332)	(21,065,955)
		(20,788,303)	(19,535,045)	(40,323,348)

SOUTHWESTERN ELECTRIC POWER COMPANY
Factoring Expense
For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Schedule A Reference	(3) Workpaper Reference	(4) Acct Reference	(5) Exp Amt As Adjusted	(6) TY Amt Per Books	(7) Total Adjustment
1	Factoring Expense	Sch A, In 4	Schedule G-10	4265	\$8,415,606	\$9,711,825	(\$1,296,219)
2	Total				<u>\$8,415,606</u>	<u>\$9,711,825</u>	<u>(\$1,296,219)</u>

Justification for requested adjustment:

To adjust factoring expense in cost of service based on test year ending adjusted revenues. The carrying cost component uses a 10.35% equity return and a 1.4985% debt return. The bad debt component is based the actual percentage for the test year. The discussion of this adjustment can be found in the testimony of Mr. Michael Baird.

Factoring Model			
Revenues	WP A-3.5	(a)	<u>1,614,421,809</u>
Interest Cost - Avg Test Year Rate			<u>1.4985%</u>
x Debt Percent			95.00%
Debt Component			1.4236%
Allowed ROCE			<u>10.35%</u>
/ Tax Effect			0.79
Pretax ROCE			13.1013%
x Equity Percent			5.00%
Equity Component			0.6551%
Total Annual Weighted Cost of Capital			2.0787%
/ Days in Year			365
Daily Capital Cost Factor			0.000057
x Average Days Outstanding			<u>31.82</u>
Effective Carrying Cost Rate		(b)	0.1813720%
Estimated Carrying Cost Expense		(a) x (b)	2,928,109 (1)
Effective Bad Debt Rate		(c)	<u>0.2793%</u>
Estimated Bad Debt Expense		(a) x (c)	4,509,449 (1)
Total Factoring Expense			7,437,557 (1)
Total Banking Fees	WP A-3.5		978,048
Total Cost			<u>8,415,606</u>
Effective Factoring Rate			<u>0.521277%</u>

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2	Interest Cost	1.4985%		1.4985%
3	x Debt Percent	95.00%		95.00%
4	Debt Component	1.4236%		1.4236%
5	Allowed ROCE	10.35%		10.35%
6	/ Tax Effect	0.79		0.79
7	Pretax ROCE	13.1013%		13.1013%
8	x Equity Percent	5.00%		5.00%
9	Equity Component	0.6551%		0.6551%
10	Total Annual Weighted Cost of Capital	2.0787%		2.0787%
11	/ Days in Year	365		365
12	Daily Capital Cost Factor	0.000057		0.000057
13	x Average Days Outstanding	31.82		31.82
14	(Average SWEPCO DSO for April 2019 - March 2020)			
15	Effective Carrying Cost Rate	0.001814		0.001814
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19	Estimated Bad Debt Expense (b)	4,622,081		4,509,449
20	Total Factoring Expense (a) + (b)	7,623,325		7,437,557
21	Total Banking Fees - .07% x Amt. factored	1,002,477	(24,428.68)	978,048
22				
23	Total Cost	<u>8,625,802</u>		<u>8,415,606</u>
24	Effective Factoring Rate	0.0052128		0.0052128
	Jurisdiction	Fuel Rev Adj	Base Rev Adj	Total Rev Adj
	TX	(6,379,948)	(8,314,213)	(14,694,162)
	LA	(403,416)	(727,489)	(1,130,905)
	AR	(2,722,315)	(710,011)	(3,432,326)
	Wholesale	(11,282,624)	(9,783,332)	(21,065,955)
		(20,788,303)	(19,535,045)	(40,323,348)

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Date	Interest Rate	Jurisdiction	[=] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Jurisdiction	[=] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Jurisdiction	[=] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Total A/R Balance	Bad Debt Charge	Amount Factored
04/01/2019	2.645%	Arkansas	23,150,889.93		969,570.35	Louisiana	56,024,514.34		1,957,083.86	Texas	46,995,014.13		1,710,059.67	126,170,418.40		4,636,713.88
04/02/2019	2.645%	Arkansas	22,729,555.40		1,192,568.71	Louisiana	54,763,739.35		2,274,145.62	Texas	48,819,391.97		5,509,499.81	126,312,696.72		8,976,214.14
04/03/2019	2.645%	Arkansas	21,798,176.04		705,178.78	Louisiana	51,905,077.75		1,131,677.24	Texas	47,830,209.92		1,988,990.84	121,533,463.71		3,825,846.85
04/04/2019	2.635%	Arkansas	21,919,878.72		857,267.94	Louisiana	51,631,562.64		1,440,675.52	Texas	47,443,467.36		1,684,925.80	120,994,908.72		3,982,864.26
04/05/2019	2.635%	Arkansas	23,033,362.68		1,929,949.99	Louisiana	52,210,024.11		2,371,033.32	Texas	48,395,205.13		2,611,998.78	123,638,591.92		6,912,998.09
04/06/2019	0.000%	Arkansas	23,033,362.68		-	Louisiana	52,210,024.11		-	Texas	48,395,205.13		-	123,638,591.92		0.00
04/07/2019	0.000%	Arkansas	23,033,362.68		-	Louisiana	52,210,024.11		-	Texas	48,395,205.13		-	123,638,591.92		0.00
04/08/2019	2.635%	Arkansas	22,818,886.27		1,329,272.96	Louisiana	51,555,620.78		1,761,174.99	Texas	49,667,028.78		2,782,534.29	124,041,535.83		5,872,982.24
04/09/2019	2.635%	Arkansas	22,687,934.46		1,010,419.57	Louisiana	50,150,776.03		1,781,244.12	Texas	48,828,173.36		1,609,432.52	121,666,883.85		4,401,096.21
04/10/2019	2.635%	Arkansas	22,053,420.02		694,527.24	Louisiana	48,446,961.79		1,837,002.25	Texas	46,259,351.81		2,076,634.35	116,759,733.62		4,608,163.84
04/11/2019	2.624%	Arkansas	22,312,887.25		884,781.40	Louisiana	48,403,375.22		2,330,035.07	Texas	45,410,355.74		1,435,481.89	116,126,618.21		4,650,298.36
04/12/2019	2.624%	Arkansas	22,493,970.74		805,064.75	Louisiana	48,940,600.66		2,189,980.69	Texas	46,303,004.30		1,832,275.54	117,737,575.70		4,827,321.18
04/13/2019	0.000%	Arkansas	22,493,970.74		-	Louisiana	48,940,600.66		-	Texas	46,303,004.30		-	117,737,575.70		0.00
04/14/2019	0.000%	Arkansas	22,493,970.74		-	Louisiana	48,940,600.66		-	Texas	46,303,004.30		-	117,737,575.70		0.00
04/15/2019	2.624%	Arkansas	21,414,488.46		636,015.81	Louisiana	49,834,441.05		2,529,067.95	Texas	58,873,464.24		13,865,038.51	130,122,393.75		17,030,122.28
04/16/2019	2.624%	Arkansas	20,802,622.23		1,091,636.83	Louisiana	48,577,802.27		1,893,963.58	Texas	58,146,778.02		2,105,360.14	127,522,202.52		5,090,960.55
04/17/2019	2.624%	Arkansas	20,833,955.93		1,572,166.77	Louisiana	47,825,903.89		1,686,181.46	Texas	57,634,933.99		1,940,566.63	126,294,793.81		5,198,914.86
04/18/2019	2.615%	Arkansas	21,036,607.16		616,622.35	Louisiana	47,590,951.20		1,265,276.90	Texas	52,768,727.93		1,603,243.86	121,396,286.29		3,685,143.11
04/19/2019	0.000%	Arkansas	21,036,607.16		-	Louisiana	47,590,951.20		-	Texas	52,768,727.93		-	121,396,286.29		0.00
04/20/2019	0.000%	Arkansas	21,036,607.16		-	Louisiana	47,590,951.20		-	Texas	52,768,727.93		-	121,396,286.29		0.00
04/21/2019	0.000%	Arkansas	21,036,607.16		-	Louisiana	47,590,951.20		-	Texas	52,768,727.93		-	121,396,286.29		0.00
04/22/2019	2.615%	Arkansas	21,776,865.39		1,234,939.69	Louisiana	48,203,886.01		2,114,658.59	Texas	53,252,739.85		2,293,262.93	123,233,491.25		5,642,861.21
04/23/2019	2.615%	Arkansas	20,961,385.00		895,848.54	Louisiana	46,013,391.65		2,655,473.20	Texas	49,794,453.98		1,503,277.79	116,769,030.84		5,054,599.53
04/24/2019	2.615%	Arkansas	20,856,522.23		771,827.16	Louisiana	46,248,470.77		1,482,390.00	Texas	49,296,277.32		1,451,454.68	116,401,270.32		3,705,673.84
04/25/2019	2.610%	Arkansas	21,377,994.93		897,193.82	Louisiana	46,163,803.48		1,643,350.19	Texas	46,301,342.98		1,801,069.85	113,843,141.39		4,341,613.86
04/26/2019	2.610%	Arkansas	22,105,216.71		1,434,482.47	Louisiana	46,723,759.56		2,114,523.45	Texas	46,673,561.47		1,724,479.22	115,502,537.74		5,273,485.14
04/27/2019	0.000%	Arkansas	22,105,216.71		-	Louisiana	46,723,759.56		-	Texas	46,673,561.47		-	115,502,537.74		0.00
04/28/2019	0.000%	Arkansas	22,105,216.71		-	Louisiana	46,723,759.56		-	Texas	46,673,561.47		-	115,502,537.74		0.00
04/29/2019	2.610%	Arkansas	23,058,389.58		1,516,155.74	Louisiana	49,770,905.50		4,107,555.85	Texas	47,128,870.84		1,793,928.09	119,958,169.92		7,417,639.78
04/30/2019	2.610%	Arkansas	22,916,561.77	61,688.41	1,169,676.90	Louisiana	49,049,531.00	129,723.58	1,638,695.11	Texas	42,957,920.75	132,160.27	962,639.25	114,924,013.52	323,572.26	3,771,011.26
05/01/2019	2.610%	Arkansas	22,412,957.46		1,226,695.45	Louisiana	49,231,327.31		2,229,831.48	Texas	43,016,130.87		2,740,578.69	114,660,415.64		6,197,105.62
05/02/2019	2.672%	Arkansas	22,823,248.25		1,159,190.81	Louisiana	49,603,882.31		1,737,657.10	Texas	46,226,098.69		5,483,525.49	118,653,229.25		8,380,373.40
05/03/2019	2.672%	Arkansas	22,701,096.30		676,450.10	Louisiana	48,535,903.56		1,302,945.45	Texas	46,792,531.95		1,820,903.64	118,029,531.81		3,800,299.19
05/04/2019	0.000%	Arkansas	22,701,096.30		-	Louisiana	48,535,903.56		-	Texas	46,792,531.95		-	118,029,531.81		0.00
05/05/2019	0.000%	Arkansas	22,701,096.30		-	Louisiana	48,535,903.56		-	Texas	46,792,531.95		-	118,029,531.81		0.00
05/06/2019	2.672%	Arkansas	23,309,807.77		1,407,661.89	Louisiana	47,632,862.36		1,130,251.68	Texas	47,057,183.41		1,859,437.81	117,999,853.54		4,397,351.38
05/07/2019	2.672%	Arkansas	24,219,014.05		2,412,068.09	Louisiana	46,861,778.27		2,786,323.47	Texas	47,173,945.66		2,723,276.65	118,254,737.98		7,921,668.21
05/08/2019	2.672%	Arkansas	24,062,710.54		959,523.74	Louisiana	46,782,080.03		2,455,835.59	Texas	46,616,781.67		1,790,464.40	117,461,572.24		5,205,823.73
05/09/2019	2.608%	Arkansas	24,264,541.64		940,436.21	Louisiana	47,173,972.54		2,132,676.27	Texas	46,881,362.41		1,799,318.63	118,319,876.59		4,872,431.11
05/10/2019	2.608%	Arkansas	24,830,527.40		1,230,274.95	Louisiana	47,634,589.00		2,051,532.36	Texas	48,131,638.89		2,416,090.12	120,596,855.29		5,697,897.43
05/11/2019	0.000%	Arkansas	24,830,527.40		-	Louisiana	47,634,589.00		-	Texas	48,131,638.89		-	120,596,855.29		0.00
05/12/2019	0.000%	Arkansas	24,830,527.40		-	Louisiana	47,634,589.00		-	Texas	48,131,638.89		-	120,596,855.29		0.00
05/13/2019	2.608%	Arkansas	24,788,342.43		823,770.52	Louisiana	48,774,934.98		2,398,197.98	Texas	47,604,612.42		2,010,979.46	121,167,889.83		5,232,897.96
05/14/2019	2.608%	Arkansas	23,953,775.41		861,778.03	Louisiana	49,006,039.35		3,007,825.61	Texas	46,983,614.20		2,086,125.18	119,943,426.96		5,955,728.82
05/15/2019	2.608%	Arkansas	23,034,636.02		963,723.85	Louisiana	50,760,029.46		3,492,291.24	Texas	47,050,325.32		2,572,194.45	120,844,990.80		7,028,209.55
05/16/2019	2.593%	Arkansas	23,294,888.59		1,104,485.04	Louisiana	50,192,577.30		1,724,388.76	Texas	57,389,652.61		12,759,771.85	130,877,118.50		15,588,645.15
05/17/2019	2.593%	Arkansas	23,724,511.86		1,266,525.70	Louisiana	49,960,976.22		1,730,254.83	Texas	58,236,131.39		1,709,468.97	131,921,619.47		4,706,249.50
05/18/2019	0.000%	Arkansas	23,724,511.86		-	Louisiana	49,960,976.22		-	Texas	58,236,131.39		-	131,921,619.47		0.00
05/19/2019	0.000%	Arkansas	23,724,511.86		-	Louisiana	49,960,976.22		-	Texas	58,236,131.39		-	131,921,619.47		0.00
05/20/2019	2.593%	Arkansas	23,769,671.42		735,405.12	Louisiana	50,485,418.03		1,918,955.58	Texas	56,212,801.99		2,425,826.02	130,467,891.44		5,080,186.72
05/21/2019	2.593%	Arkansas	24,058,171.66		1,344,929.92	Louisiana	49,980,300.76		2,434,391.27	Texas	55,008,553.29		2,454,528.84	129,047,025.81		6,233,850.03
05/22/2019	2.593%	Arkansas	23,673,889.89		959,993.73	Louisiana	49,754,978.96		3,433,322.17	Texas	53,098,520.45		1,967,453.77	126,527,369.30		6,360,769.67
05/23/2019	2.651%	Arkansas	23,464,565.81		816,875.26	Louisiana	50,098,654.57		1,900,192.80	Texas	53,413,051.68		2,368,225.54	126,976,273.06		5,085,293.60
05/24/2019	2.651%	Arkansas	23,896,625.93		880,541.20	Louisiana	51,327,187.27		2,500,067.21	Texas	54,192,985.63		1,922,624.30	129,416,798.83		5,303,232.71
05/25/2019	0.000%	Arkansas	23,896,625.93		-	Louisiana	51,327,187.27		-	Texas	54,192,985.63		-	129,416,798.83		0.00
05/26/2019	0.000%	Arkansas	23,896,625.93		-	Louisiana	51,327,187.27		-	Texas	54,192,985.63		-	129,416,798.83		0.00
05/27/2019	0.000%	Arkansas	23,896,625.93		-	Louisiana	51,327,187.27		-	Texas	54,192,985.63		-	129,416,798.83		0.00
05/28/2019	2.651%	Arkansas	24,005,473.34		960,321.01	Louisiana	52,409,991.31		2,434,628.78	Texas	51,288,607.85		2,082,016.34	127,704,072.50		5,476,966.13
05/29/2019	2.651%	Arkansas	24,547,836.77		1,683,073.56	Louisiana	54,290,561.52		4,189,372.67	Texas	51,324,659.00		2,558,999.59	130,163,067.29		8,431,446.22
05/30/2019	2.591%	Arkansas	25,171,071.25		1,972,799.67	Louisiana	55,720,768.58		3,556,206.77	Texas	50,885,900.52		2,195,723.94	131,777,740.35		7,724,730.38
05/31/2019	2.591%	Arkansas	24,807,928.74	73,542.87	1,521,782.58	Louisiana	55,841,430.93	165,304.98	2,111,708.94	Texas	48,613,741.89	153,990.52	2,086,927.34	129,263,101.56	392,838.37	5,720,418.86
06/01/2019	0.000%	Arkansas	24,807,928.74		-	Louisiana	55,841,430.93		-	Texas	48,613,741.89		-	129,263,101.56		0.00
06/02/201																

Date	Interest Rate	Jurisdiction	[=] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Jurisdiction	[=] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Jurisdiction	[=] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Total A/R Balance	Bad Debt Charge	Amount Factored
06/07/2019	2.584%	Arkansas	26,864,482.70		2,295,180.24	Louisiana	55,118,483.53		3,283,365.55	Texas	56,203,981.96		2,906,741.87	138,186,948.19		8,491,287.66
06/08/2019	0.000%	Arkansas	26,864,482.70		-	Louisiana	55,118,483.53		-	Texas	56,203,981.96		-	138,186,948.19		0.00
06/09/2019	0.000%	Arkansas	26,864,482.70		-	Louisiana	55,118,483.53		-	Texas	56,203,981.96		-	138,186,948.19		0.00
06/10/2019	2.584%	Arkansas	27,783,595.18		1,536,155.45	Louisiana	55,380,625.62		2,814,011.11	Texas	56,958,568.89		2,140,801.96	140,122,789.69		6,490,968.52
06/11/2019	2.584%	Arkansas	27,151,972.60		1,108,887.10	Louisiana	57,206,760.00		4,027,730.82	Texas	54,553,249.19		2,170,666.97	138,911,981.79		7,307,284.89
06/12/2019	2.584%	Arkansas	26,519,227.74		842,820.76	Louisiana	57,468,390.11		2,453,701.42	Texas	53,776,682.53		2,122,235.03	137,764,300.38		5,418,757.21
06/13/2019	2.572%	Arkansas	26,832,228.46		1,222,713.23	Louisiana	58,624,129.35		3,469,479.42	Texas	52,631,989.64		2,003,285.55	138,088,347.45		6,695,476.20
06/14/2019	2.572%	Arkansas	26,155,726.32		873,853.13	Louisiana	60,528,149.08		3,450,710.31	Texas	65,845,464.01		14,406,453.58	152,529,339.41		18,731,017.02
06/15/2019	0.000%	Arkansas	26,155,726.32		-	Louisiana	60,528,149.08		-	Texas	65,845,464.01		-	152,529,339.41		0.00
06/16/2019	0.000%	Arkansas	26,155,726.32		-	Louisiana	60,528,149.08		-	Texas	65,845,464.01		-	152,529,339.41		0.00
06/17/2019	2.572%	Arkansas	26,726,459.02		1,479,110.88	Louisiana	60,757,044.95		2,517,020.40	Texas	66,920,786.71		2,869,595.74	154,404,290.68		6,865,727.02
06/18/2019	2.572%	Arkansas	27,232,180.54		1,539,943.35	Louisiana	59,457,579.95		2,666,497.11	Texas	65,406,028.22		1,760,350.97	152,095,788.71		5,966,791.43
06/19/2019	2.572%	Arkansas	25,535,824.87		688,168.98	Louisiana	59,300,270.90		2,077,459.14	Texas	64,362,565.91		2,108,205.17	149,198,661.68		4,873,833.29
06/20/2019	2.533%	Arkansas	25,671,903.59		1,059,907.31	Louisiana	60,641,154.03		3,262,264.74	Texas	63,405,775.33		3,218,828.25	149,718,832.95		6,641,000.30
06/21/2019	2.533%	Arkansas	26,014,592.20		1,108,422.64	Louisiana	61,680,733.70		3,390,634.50	Texas	56,800,046.17		1,866,001.42	144,495,372.07		6,365,058.56
06/22/2019	0.000%	Arkansas	26,014,592.20		-	Louisiana	61,680,733.70		-	Texas	56,800,046.17		-	144,495,372.07		0.00
06/23/2019	0.000%	Arkansas	26,014,592.20		-	Louisiana	61,680,733.70		-	Texas	56,800,046.17		-	144,495,372.07		0.00
06/24/2019	2.533%	Arkansas	25,966,152.52		1,092,745.48	Louisiana	60,872,314.06		2,114,220.18	Texas	57,431,542.47		2,171,254.23	144,270,009.05		5,378,219.89
06/25/2019	2.533%	Arkansas	26,140,792.47		1,169,716.62	Louisiana	61,992,124.67		3,706,553.91	Texas	59,247,848.98		4,653,120.66	147,380,766.12		9,529,391.19
06/26/2019	2.533%	Arkansas	26,318,620.06		864,005.11	Louisiana	62,947,339.15		3,088,606.25	Texas	57,177,444.32		674,835.86	146,443,403.53		4,627,447.22
06/27/2019	2.515%	Arkansas	27,444,688.76		2,189,307.99	Louisiana	65,111,103.25		4,156,123.95	Texas	58,211,629.41		3,225,888.80	150,767,421.42		9,571,320.74
06/28/2019	2.515%	Arkansas	28,358,322.57		1,575,484.58	Louisiana	65,871,644.13		2,094,061.77	Texas	57,308,245.59		1,814,987.25	151,538,212.29		5,484,533.60
06/29/2019	0.000%	Arkansas	28,358,322.57		-	Louisiana	65,871,644.13		-	Texas	57,308,245.59		-	151,538,212.29		0.00
06/30/2019	0.000%	Arkansas	28,358,322.57	72,709.85	-	Louisiana	65,871,644.13	182,659.29	-	Texas	57,308,245.59	164,310.99	-	151,538,212.29	419,680.13	0.00
07/01/2019	2.515%	Arkansas	28,715,359.12		1,130,811.66	Louisiana	67,429,414.24		3,526,249.79	Texas	57,351,831.61		2,227,731.79	153,496,604.97		6,884,793.24
07/02/2019	2.515%	Arkansas	27,884,462.68		1,944,357.97	Louisiana	66,043,398.12		2,191,951.78	Texas	59,690,429.81		5,562,538.32	153,618,290.03		9,698,848.07
07/03/2019	2.515%	Arkansas	27,522,467.96		1,028,939.47	Louisiana	65,786,833.63		2,458,729.89	Texas	57,011,969.81		2,765,169.79	150,321,271.40		6,252,839.15
07/04/2019	0.000%	Arkansas	27,522,467.96		-	Louisiana	65,786,833.63		-	Texas	57,011,969.81		-	150,321,271.40		0.00
07/05/2019	2.494%	Arkansas	28,787,894.68		2,072,167.17	Louisiana	64,454,540.92		1,985,031.02	Texas	59,773,198.53		4,629,273.67	153,015,634.13		8,686,471.86
07/06/2019	0.000%	Arkansas	28,787,894.68		-	Louisiana	64,454,540.92		-	Texas	59,773,198.53		-	153,015,634.13		0.00
07/07/2019	0.000%	Arkansas	28,787,894.68		-	Louisiana	64,454,540.92		-	Texas	59,773,198.53		-	153,015,634.13		0.00
07/08/2019	2.494%	Arkansas	29,508,312.03		1,784,502.70	Louisiana	64,878,089.40		3,156,440.89	Texas	59,660,866.71		1,720,921.21	154,047,268.14		6,661,864.80
07/09/2019	2.494%	Arkansas	28,869,158.81		1,277,053.05	Louisiana	63,161,619.11		3,119,507.41	Texas	58,869,402.86		3,285,525.74	150,900,180.78		7,682,086.20
07/10/2019	2.494%	Arkansas	28,391,093.15		1,219,851.93	Louisiana	63,332,653.92		2,729,334.62	Texas	56,742,926.93		3,368,883.01	148,466,674.00		7,318,069.56
07/11/2019	2.488%	Arkansas	28,935,012.85		1,492,190.76	Louisiana	65,343,923.20		3,816,658.31	Texas	57,946,840.57		2,556,193.36	152,225,876.62		7,865,042.43
07/12/2019	2.488%	Arkansas	29,879,487.33		1,889,279.68	Louisiana	66,547,467.21		2,588,707.69	Texas	57,799,428.27		1,478,940.95	154,226,382.81		9,956,928.32
07/13/2019	0.000%	Arkansas	29,879,487.33		-	Louisiana	66,547,467.21		-	Texas	57,799,428.27		-	154,226,382.81		0.00
07/14/2019	0.000%	Arkansas	29,879,487.33		-	Louisiana	66,547,467.21		-	Texas	57,799,428.27		-	154,226,382.81		0.00
07/15/2019	2.488%	Arkansas	29,401,578.70		1,351,185.63	Louisiana	67,064,385.03		3,701,010.27	Texas	56,952,064.16		2,318,954.38	153,418,027.89		7,371,170.28
07/16/2019	2.488%	Arkansas	27,716,393.93		1,202,952.94	Louisiana	67,387,374.59		4,209,344.81	Texas	56,162,095.51		3,105,976.19	151,265,864.03		8,518,273.94
07/17/2019	2.488%	Arkansas	27,854,925.40		1,657,500.76	Louisiana	66,022,689.67		2,467,719.78	Texas	57,928,850.59		4,218,368.23	151,806,465.66		8,343,583.77
07/18/2019	2.471%	Arkansas	28,143,595.19		1,389,050.03	Louisiana	66,597,266.14		2,657,621.23	Texas	81,898,793.01		26,055,468.32	176,639,654.34		30,102,139.58
07/19/2019	2.471%	Arkansas	28,373,186.57		862,019.20	Louisiana	66,645,557.44		2,767,480.37	Texas	82,810,193.27		2,730,456.56	177,828,937.28		5,859,956.13
07/20/2019	0.000%	Arkansas	28,373,186.57		-	Louisiana	66,645,557.44		-	Texas	82,810,193.27		-	177,828,937.28		0.00
07/21/2019	0.000%	Arkansas	28,373,186.57		-	Louisiana	66,645,557.44		-	Texas	82,810,193.27		-	177,828,937.28		0.00
07/22/2019	2.471%	Arkansas	29,215,251.02		1,561,067.07	Louisiana	67,646,180.71		3,455,107.13	Texas	84,053,544.03		3,067,852.67	180,914,975.76		8,084,026.87
07/23/2019	2.471%	Arkansas	28,845,660.09		1,483,879.56	Louisiana	68,253,409.38		3,847,107.51	Texas	78,964,242.45		1,994,283.27	176,063,311.92		7,325,270.34
07/24/2019	2.471%	Arkansas	28,319,705.33		762,513.52	Louisiana	67,649,888.82		1,861,665.53	Texas	79,913,274.81		3,605,438.24	175,882,868.96		6,229,617.29
07/25/2019	2.445%	Arkansas	28,687,556.36		1,106,725.28	Louisiana	67,867,761.63		3,065,483.58	Texas	76,644,484.24		2,302,043.47	173,199,802.23		6,474,252.33
07/26/2019	2.445%	Arkansas	29,694,937.95		1,755,773.75	Louisiana	70,636,450.88		3,949,844.85	Texas	77,526,866.19		2,981,516.17	177,858,255.02		8,687,134.77
07/27/2019	0.000%	Arkansas	29,694,937.95		-	Louisiana	70,636,450.88		-	Texas	77,526,866.19		-	177,858,255.02		0.00
07/28/2019	0.000%	Arkansas	29,694,937.95		-	Louisiana	70,636,450.88		-	Texas	77,526,866.19		-	177,858,255.02		0.00
07/29/2019	2.445%	Arkansas	30,517,559.54		1,654,657.89	Louisiana	72,673,655.97		4,433,791.93	Texas	78,068,494.57		2,610,812.66	181,259,710.08		8,699,262.48
07/30/2019	2.445%	Arkansas	31,931,585.52		2,446,367.10	Louisiana	73,372,610.78		3,175,124.45	Texas	77,225,316.30		1,901,630.11	182,529,512.60		7,523,121.66
07/31/2019	2.445%	Arkansas	32,175,515.09	87,130.83	965,196.51	Louisiana	74,306,557.67	218,509.91	3,432,563.37	Texas	77,789,038.59	223,161.96	1,659,406.77	184,270,111.35	528,802.70	6,057,166.65
08/01/2019	2.431%	Arkansas	31,396,547.64		1,055,489.66	Louisiana	72,943,337.06		2,052,935.44	Texas	74,526,513.03		2,740,823.55	178,866,397.72		5,849,249.65
08/02/2019	2.431%	Arkansas	32,141,143.76		1,733,270.50	Louisiana	73,556,762.25		3,147,116.68	Texas	77,804,639.64		5,459,600.25	183,507,545.65		10,339,987.43
08/03/2019	0.000%	Arkansas	32,141,143.76		-	Louisiana	73,556,762.25		-	Texas	77,804,639.64		-	183,507,545.65		0.00
08/04/2019	0.000%	Arkansas	32,141,143.76		-	Louisiana	73,556,762.25		-	Texas	77,804,639.64		-	183,507,545.65		0.00
08/05/2019	2.431%	Arkansas	32,112,059.19		1,781,798.15	Louisiana	73,302,574.49		2,297,879.87	Texas	79,319,377.85		3,892,072.69	184,734,011.53		7,471,750.71
08/06/2019	2.431%	Arkansas	32,379,201.64		2,099,668.98	Louisiana	72,406,573.55		3,758,797.37	Texas	64,403,380.34		(10,634,422.51)	169,189,155.53		(4,775,956.16)
08/07/2019	2.431%	Arkansas	31,201,825.90		1,530,141.83	Louisiana	71,209,811.40		2,479,065.75	Texas						

Date	Interest Rate	Jurisdiction	[+] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Jurisdiction	[+] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Jurisdiction	[+] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Total A/R Balance	Bad Debt Charge	Amount Factored
08/13/2019	2.419%	Arkansas	31,057,482.17	-	1,282,761.52	Louisiana	72,007,229.70	-	4,725,761.92	Texas	62,883,671.25	-	2,108,751.28	165,948,383.12	-	8,117,274.72
08/14/2019	2.419%	Arkansas	30,330,219.16	-	1,314,548.43	Louisiana	72,522,202.11	-	3,607,048.63	Texas	63,273,535.01	-	3,427,377.94	166,125,956.28	-	8,348,975.00
08/15/2019	2.365%	Arkansas	31,316,568.96	-	1,810,623.72	Louisiana	71,168,905.18	-	2,029,882.68	Texas	62,655,929.06	-	2,759,418.86	165,121,403.20	-	6,599,925.26
08/16/2019	2.365%	Arkansas	31,500,720.72	-	1,250,484.23	Louisiana	71,524,002.29	-	2,522,356.18	Texas	63,361,986.60	-	2,412,076.09	166,386,709.61	-	6,184,916.50
08/17/2019	0.000%	Arkansas	31,500,720.72	-	-	Louisiana	71,524,002.29	-	-	Texas	63,361,986.60	-	-	166,386,709.61	-	0.00
08/18/2019	0.000%	Arkansas	31,500,720.72	-	-	Louisiana	71,524,002.29	-	-	Texas	63,361,986.60	-	-	166,386,709.61	-	0.00
08/19/2019	2.365%	Arkansas	31,646,664.99	-	945,782.06	Louisiana	71,043,144.89	-	1,757,449.43	Texas	75,235,455.24	-	13,603,785.11	177,925,265.12	-	16,307,015.60
08/20/2019	2.365%	Arkansas	31,983,593.61	-	2,145,424.59	Louisiana	69,795,663.01	-	3,433,148.97	Texas	73,534,236.68	-	2,856,935.25	175,313,493.30	-	8,435,508.81
08/21/2019	2.365%	Arkansas	31,832,664.63	-	1,169,457.64	Louisiana	70,511,071.76	-	3,328,065.96	Texas	72,245,481.36	-	3,105,705.03	174,589,217.75	-	7,603,228.63
08/22/2019	2.321%	Arkansas	31,181,078.79	-	627,572.03	Louisiana	70,971,136.59	-	2,462,120.15	Texas	69,495,792.50	-	2,732,133.34	171,648,007.88	-	5,821,825.52
08/23/2019	2.321%	Arkansas	31,062,990.16	-	1,122,049.13	Louisiana	69,601,466.95	-	2,509,400.59	Texas	69,827,767.81	-	2,120,631.97	170,492,224.92	-	5,752,081.69
08/24/2019	0.000%	Arkansas	31,062,990.16	-	-	Louisiana	69,601,466.95	-	-	Texas	69,827,767.81	-	-	170,492,224.92	-	0.00
08/25/2019	0.000%	Arkansas	31,062,990.16	-	-	Louisiana	69,601,466.95	-	-	Texas	69,827,767.81	-	-	170,492,224.92	-	0.00
08/26/2019	2.321%	Arkansas	32,251,769.30	-	1,902,887.36	Louisiana	70,563,941.70	-	3,456,447.77	Texas	70,580,530.92	-	2,710,216.73	173,396,241.92	-	8,069,551.86
08/27/2019	2.321%	Arkansas	32,356,288.69	-	2,205,563.47	Louisiana	71,671,202.77	-	4,278,787.50	Texas	69,860,273.72	-	2,925,576.11	174,487,765.18	-	9,410,927.08
08/28/2019	2.321%	Arkansas	33,233,836.07	-	1,560,119.21	Louisiana	71,194,579.01	-	2,256,800.16	Texas	67,709,270.26	-	1,688,083.88	172,137,685.34	-	5,505,003.25
08/29/2019	2.293%	Arkansas	33,457,019.28	-	1,456,786.78	Louisiana	72,155,908.04	-	2,994,746.57	Texas	66,377,637.93	-	2,150,047.29	171,990,565.25	-	6,601,580.64
08/30/2019	2.293%	Arkansas	33,867,601.62	-	1,393,376.35	Louisiana	72,369,963.20	-	2,065,039.95	Texas	64,761,901.43	-	3,088,768.51	170,999,466.25	-	6,547,184.81
08/31/2019	0.000%	Arkansas	33,867,601.62	89,659.52	-	Louisiana	72,369,963.20	198,240.64	-	Texas	64,761,901.43	154,369.71	-	170,999,466.25	442,269.87	0.00
09/01/2019	0.000%	Arkansas	33,867,601.62	-	-	Louisiana	72,369,963.20	-	-	Texas	64,761,901.43	-	-	170,999,466.25	-	0.00
09/02/2019	0.000%	Arkansas	33,867,601.62	-	-	Louisiana	72,369,963.20	-	-	Texas	64,761,901.43	-	-	170,999,466.25	-	0.00
09/03/2019	2.293%	Arkansas	33,903,475.39	-	1,060,237.82	Louisiana	72,216,513.57	-	2,033,512.82	Texas	64,673,159.25	-	2,513,437.69	170,793,148.21	-	5,607,188.43
09/04/2019	2.293%	Arkansas	33,521,507.39	-	2,018,051.97	Louisiana	70,760,720.49	-	3,270,076.98	Texas	65,985,705.09	-	5,428,004.59	170,267,932.54	-	10,716,932.54
09/05/2019	2.276%	Arkansas	33,028,491.73	-	1,779,106.73	Louisiana	70,247,681.07	-	3,400,394.22	Texas	67,180,367.42	-	4,161,124.13	170,456,540.22	-	9,340,625.08
09/06/2019	2.276%	Arkansas	32,029,379.59	-	1,248,673.63	Louisiana	69,894,383.41	-	2,980,978.05	Texas	69,357,637.14	-	4,290,860.15	171,281,400.14	-	8,520,511.83
09/07/2019	0.000%	Arkansas	32,029,379.59	-	-	Louisiana	69,894,383.41	-	-	Texas	69,357,637.14	-	-	171,281,400.14	-	0.00
09/08/2019	0.000%	Arkansas	32,029,379.59	-	-	Louisiana	69,894,383.41	-	-	Texas	69,357,637.14	-	-	171,281,400.14	-	0.00
09/09/2019	2.276%	Arkansas	33,342,042.91	-	2,014,465.39	Louisiana	70,382,537.81	-	2,520,869.17	Texas	70,487,818.05	-	2,688,867.31	174,212,398.77	-	7,224,201.87
09/10/2019	2.276%	Arkansas	32,609,617.87	-	1,238,209.63	Louisiana	70,614,809.68	-	3,490,648.41	Texas	69,119,013.60	-	2,697,282.89	172,343,441.15	-	7,426,140.93
09/11/2019	2.276%	Arkansas	31,877,498.09	-	1,175,463.51	Louisiana	70,570,805.55	-	2,194,386.11	Texas	66,881,297.48	-	2,258,254.75	169,129,601.12	-	5,628,104.37
09/12/2019	2.264%	Arkansas	31,049,461.73	-	1,216,876.11	Louisiana	72,677,314.01	-	3,857,871.67	Texas	66,554,138.24	-	2,084,500.55	170,280,913.98	-	7,159,248.53
09/13/2019	2.264%	Arkansas	32,081,077.67	-	2,062,348.33	Louisiana	72,143,903.61	-	3,558,911.22	Texas	67,209,535.93	-	3,194,160.58	171,434,517.21	-	8,815,420.13
09/14/2019	0.000%	Arkansas	32,081,077.67	-	-	Louisiana	72,143,903.61	-	-	Texas	67,209,535.93	-	-	171,434,517.21	-	0.00
09/15/2019	0.000%	Arkansas	32,081,077.67	-	-	Louisiana	72,143,903.61	-	-	Texas	67,209,535.93	-	-	171,434,517.21	-	0.00
09/16/2019	2.264%	Arkansas	32,630,481.63	-	1,768,410.99	Louisiana	73,068,025.11	-	2,884,524.91	Texas	67,278,105.13	-	2,316,315.93	172,976,611.87	-	6,969,251.83
09/17/2019	2.264%	Arkansas	31,874,777.80	-	987,209.02	Louisiana	70,664,652.19	-	2,707,270.90	Texas	65,305,934.64	-	2,352,744.30	168,846,354.63	-	5,547,224.22
09/18/2019	2.264%	Arkansas	30,938,175.25	-	665,062.49	Louisiana	70,344,282.95	-	2,108,863.41	Texas	66,308,232.75	-	2,362,886.12	167,590,690.95	-	6,056,812.02
09/19/2019	2.230%	Arkansas	30,187,845.39	-	710,300.15	Louisiana	70,019,453.49	-	2,547,935.98	Texas	80,504,973.46	-	16,813,755.81	180,712,272.34	-	20,071,991.94
09/20/2019	2.230%	Arkansas	30,625,434.18	-	1,296,645.89	Louisiana	70,480,822.02	-	2,874,703.05	Texas	78,887,112.86	-	2,006,991.06	179,993,369.06	-	6,178,340.00
09/21/2019	0.000%	Arkansas	30,625,434.18	-	-	Louisiana	70,480,822.02	-	-	Texas	78,887,112.86	-	-	179,993,369.06	-	0.00
09/22/2019	0.000%	Arkansas	30,625,434.18	-	-	Louisiana	70,480,822.02	-	-	Texas	78,887,112.86	-	-	179,993,369.06	-	0.00
09/23/2019	2.230%	Arkansas	30,500,541.15	-	943,841.88	Louisiana	69,696,471.31	-	1,301,058.52	Texas	77,282,778.76	-	2,133,176.13	177,479,791.22	-	4,378,076.53
09/24/2019	2.230%	Arkansas	29,839,132.53	-	935,756.79	Louisiana	68,235,745.48	-	3,321,367.02	Texas	67,450,496.43	-	1,498,808.32	165,525,374.44	-	5,755,932.13
09/25/2019	2.230%	Arkansas	30,425,053.25	-	1,809,919.33	Louisiana	69,615,394.93	-	3,414,523.42	Texas	67,517,533.77	-	2,699,096.29	167,557,981.95	-	7,923,539.04
09/26/2019	2.207%	Arkansas	31,294,925.67	-	1,925,608.54	Louisiana	72,470,740.88	-	4,873,646.16	Texas	62,959,946.68	-	2,382,727.44	166,725,613.23	-	9,181,982.14
09/27/2019	2.207%	Arkansas	31,526,795.44	-	1,195,875.41	Louisiana	72,020,109.84	-	1,582,901.90	Texas	62,456,829.40	-	1,005,414.71	166,003,734.68	-	3,784,192.02
09/28/2019	0.000%	Arkansas	31,526,795.44	-	-	Louisiana	72,020,109.84	-	-	Texas	62,456,829.40	-	-	166,003,734.68	-	0.00
09/29/2019	0.000%	Arkansas	31,526,795.44	-	-	Louisiana	72,020,109.84	-	-	Texas	62,456,829.40	-	-	166,003,734.68	-	0.00
09/30/2019	2.207%	Arkansas	31,525,911.72	73,840.35	892,774.06	Louisiana	71,880,563.40	181,562.40	1,924,727.30	Texas	62,451,830.58	174,709.64	1,574,313.41	165,858,305.70	430,112.39	4,391,814.77
10/01/2019	2.207%	Arkansas	30,764,411.91	-	1,072,297.82	Louisiana	69,513,183.10	-	1,351,234.29	Texas	61,731,302.03	-	3,302,352.16	162,008,897.04	-	5,725,884.27
10/02/2019	2.207%	Arkansas	30,904,691.22	-	1,979,710.93	Louisiana	68,016,674.37	-	1,604,525.27	Texas	66,096,897.68	-	6,769,582.70	165,018,263.27	-	10,353,818.90
10/03/2019	2.178%	Arkansas	30,096,740.71	-	1,012,383.81	Louisiana	67,636,739.13	-	2,568,612.85	Texas	61,982,804.63	-	2,556,927.93	159,716,284.47	-	6,137,924.59
10/04/2019	2.178%	Arkansas	29,979,721.54	-	1,060,929.89	Louisiana	69,294,063.29	-	3,743,811.45	Texas	62,867,884.61	-	2,645,850.11	162,141,669.44	-	7,450,591.45
10/05/2019	0.000%	Arkansas	29,979,721.54	-	-	Louisiana	69,294,063.29	-	-	Texas	62,867,884.61	-	-	162,141,669.44	-	0.00
10/06/2019	0.000%	Arkansas	29,979,721.54	-	-	Louisiana	69,294,063.29	-	-	Texas	62,867,884.61	-	-	162,141,669.44	-	0.00
10/07/2019	2.178%	Arkansas	30,005,582.81	-	1,457,678.97	Louisiana	69,797,251.26	-	3,144,933.57	Texas	64,017,755.34	-	3,164,332.60	163,820,589.41	-	7,766,945.14
10/08/2019	2.178%	Arkansas	29,403,072.77	-	1,129,660.95	Louisiana	68,744,845.11	-	3,181,338.00	Texas	62,806,336.54	-	3,939,204.33	160,954,254.42	-	8,250,203.28
10/09/2019	2.178%	Arkansas	28,761,226.14	-	995,628.25	Louisiana	67,695,852.25	-	2,589,445.26	Texas	62,572,862.18	-	2,608,054.19	158,979,940.57	-	6,193,127.70
10/10/2019	2.162%	Arkansas	29,787,564.93	-	2,165,767.50	Louisiana	66,817,605.71	-	1,537,473.21	Texas	61,359,627.67	-	1,989,012.15	157,964,798.31	-	5,692,252.86
10/11/2019	2.162%	Arkansas	29,004,946.17	-	1,096,324.89	Louisiana	67,672,406.59	-	4,374,689.19	Texas	61,231,359.35	-	2,144,846.36	157,908,712.11	-	7,615,860.44
10/12/2019																

Date	Interest Rate	Jurisdiction	(*) Receivables Balance/ AR	Bad Debt Charge	Receivables for Sale/ Amount Factored	Jurisdiction	(*) Receivables Balance/ AR	Bad Debt Charge	Receivables for Sale/ Amount Factored	Jurisdiction	(*) Receivables Balance/ AR	Bad Debt Charge	Receivables for Sale/ Amount Factored	Total A/R Balance	Bad Debt Charge	Amount Factored
10/19/2019	0.000%	Arkansas	27,572,227.26	-	-	Louisiana	66,721,507.61	-	-	Texas	73,230,790.16	-	-	167,524,525.03	-	0.00
10/20/2019	0.000%	Arkansas	27,572,227.26	-	-	Louisiana	66,721,507.61	-	-	Texas	73,230,790.16	-	-	167,524,525.03	-	0.00
10/21/2019	2.125%	Arkansas	27,925,589.45	-	1,313,052.40	Louisiana	65,053,938.92	-	1,875,227.34	Texas	69,383,662.75	-	1,798,140.66	162,363,191.12	-	4,986,420.40
10/22/2019	2.125%	Arkansas	26,858,309.61	-	600,797.97	Louisiana	64,008,956.66	-	2,544,093.38	Texas	65,282,194.79	-	2,754,132.59	156,149,461.06	-	5,899,023.94
10/23/2019	2.125%	Arkansas	25,837,455.70	-	911,806.47	Louisiana	64,051,488.63	-	2,669,510.49	Texas	64,840,231.86	-	2,110,901.21	154,729,176.19	-	5,692,217.17
10/24/2019	2.084%	Arkansas	25,715,314.14	-	969,113.61	Louisiana	64,855,414.70	-	2,708,466.18	Texas	64,163,097.51	-	2,238,843.28	154,733,826.35	-	5,916,423.07
10/25/2019	2.084%	Arkansas	27,133,619.06	-	2,032,125.85	Louisiana	68,465,948.22	-	4,746,087.11	Texas	60,505,920.15	-	2,296,037.63	156,105,487.43	-	9,074,250.39
10/26/2019	0.000%	Arkansas	27,133,619.06	-	-	Louisiana	68,465,948.22	-	-	Texas	60,505,920.15	-	-	156,105,487.43	-	0.00
10/27/2019	0.000%	Arkansas	27,133,619.06	-	-	Louisiana	68,465,948.22	-	-	Texas	60,505,920.15	-	-	156,105,487.43	-	0.00
10/28/2019	2.084%	Arkansas	27,345,849.27	-	1,051,010.85	Louisiana	67,384,089.52	-	1,512,173.74	Texas	60,262,205.33	-	1,358,411.24	154,992,144.12	-	3,931,595.83
10/29/2019	2.084%	Arkansas	27,301,712.68	-	1,629,952.04	Louisiana	66,283,802.94	-	2,199,319.92	Texas	57,991,027.99	-	1,523,347.87	151,576,543.61	-	5,352,619.83
10/30/2019	2.084%	Arkansas	26,910,973.06	-	855,541.22	Louisiana	65,666,777.27	-	1,631,828.23	Texas	58,025,099.53	-	2,248,264.06	150,602,849.86	-	4,735,633.51
10/31/2019	2.050%	Arkansas	26,656,618.26	73,700.85	898,932.44	Louisiana	64,205,919.29	193,050.79	1,358,774.28	Texas	54,258,191.70	195,177.36	2,132,461.30	145,020,829.25	461,929.00	4,390,168.02
11/01/2019	2.050%	Arkansas	26,867,229.50	-	817,453.63	Louisiana	63,871,271.85	-	1,838,319.51	Texas	55,393,927.69	-	2,706,777.85	146,132,429.04	-	5,362,550.99
11/02/2019	0.000%	Arkansas	26,867,229.50	-	-	Louisiana	63,871,271.85	-	-	Texas	55,393,927.69	-	-	146,132,429.04	-	0.00
11/03/2019	0.000%	Arkansas	26,867,229.50	-	-	Louisiana	63,871,271.85	-	-	Texas	55,393,927.69	-	-	146,132,429.04	-	0.00
11/04/2019	2.050%	Arkansas	27,399,511.64	-	1,545,677.84	Louisiana	63,177,984.33	-	1,826,752.60	Texas	59,056,783.34	-	5,368,365.16	149,634,279.31	-	8,740,795.60
11/05/2019	2.050%	Arkansas	25,903,041.05	-	891,597.99	Louisiana	62,497,398.24	-	3,794,997.19	Texas	59,378,586.43	-	3,302,335.55	147,779,025.72	-	7,988,930.73
11/06/2019	2.050%	Arkansas	24,725,754.17	-	1,046,292.51	Louisiana	61,897,836.71	-	2,118,705.28	Texas	59,349,719.10	-	2,431,856.26	145,973,309.83	-	5,596,854.05
11/07/2019	2.024%	Arkansas	24,307,575.80	-	1,769,411.43	Louisiana	59,949,255.31	-	1,266,842.51	Texas	58,672,837.22	-	1,783,433.03	142,923,668.33	-	4,819,686.97
11/08/2019	2.024%	Arkansas	24,080,424.05	-	757,692.09	Louisiana	59,952,174.18	-	1,354,935.14	Texas	58,368,840.52	-	1,822,327.28	142,401,438.75	-	3,934,954.51
11/09/2019	0.000%	Arkansas	24,080,424.05	-	-	Louisiana	59,952,174.18	-	-	Texas	58,368,840.52	-	-	142,401,438.75	-	0.00
11/10/2019	0.000%	Arkansas	24,080,424.05	-	-	Louisiana	59,952,174.18	-	-	Texas	58,368,840.52	-	-	142,401,438.75	-	0.00
11/11/2019	2.024%	Arkansas	23,825,429.89	-	651,508.07	Louisiana	61,694,315.18	-	3,397,342.00	Texas	56,532,544.99	-	1,434,884.07	142,052,290.05	-	5,483,734.14
11/12/2019	2.024%	Arkansas	24,305,035.04	-	767,362.91	Louisiana	63,277,484.03	-	2,532,418.67	Texas	58,222,677.62	-	2,365,571.46	145,806,196.69	-	5,655,353.04
11/13/2019	2.024%	Arkansas	23,889,080.47	-	1,310,539.89	Louisiana	60,669,970.27	-	1,318,575.07	Texas	56,263,059.09	-	1,700,266.67	140,822,109.83	-	4,329,381.63
11/14/2019	1.999%	Arkansas	23,234,337.38	-	1,069,685.51	Louisiana	58,420,039.32	-	1,783,430.88	Texas	66,269,074.97	-	14,372,045.58	147,923,451.67	-	17,225,161.97
11/15/2019	1.999%	Arkansas	23,215,448.44	-	593,438.91	Louisiana	58,086,012.19	-	1,830,115.04	Texas	65,005,785.11	-	1,571,760.04	146,307,245.74	-	3,995,313.99
11/16/2019	0.000%	Arkansas	23,215,448.44	-	-	Louisiana	58,086,012.19	-	-	Texas	65,005,785.11	-	-	146,307,245.74	-	0.00
11/17/2019	0.000%	Arkansas	23,215,448.44	-	-	Louisiana	58,086,012.19	-	-	Texas	65,005,785.11	-	-	146,307,245.74	-	0.00
11/18/2019	1.999%	Arkansas	23,720,759.66	-	1,110,575.56	Louisiana	58,051,864.12	-	2,319,820.89	Texas	65,543,943.97	-	1,721,650.21	147,316,367.75	-	5,152,046.66
11/19/2019	1.999%	Arkansas	23,160,042.49	-	805,442.54	Louisiana	56,091,003.03	-	2,228,728.54	Texas	64,589,531.22	-	1,647,038.89	143,840,576.74	-	4,681,209.97
11/20/2019	1.999%	Arkansas	23,172,755.24	-	1,024,269.78	Louisiana	56,527,416.36	-	2,131,023.29	Texas	63,678,328.17	-	2,326,788.62	143,378,499.77	-	5,482,081.69
11/21/2019	1.957%	Arkansas	23,343,408.19	-	1,303,466.35	Louisiana	56,438,215.38	-	2,415,847.03	Texas	61,613,298.32	-	1,705,154.63	141,394,921.89	-	5,424,488.01
11/22/2019	1.957%	Arkansas	23,005,334.65	-	665,259.74	Louisiana	57,710,135.41	-	2,628,370.31	Texas	57,400,070.17	-	1,952,849.03	138,115,540.23	-	5,246,479.08
11/23/2019	0.000%	Arkansas	23,005,334.65	-	-	Louisiana	57,710,135.41	-	-	Texas	57,400,070.17	-	-	138,115,540.23	-	0.00
11/24/2019	0.000%	Arkansas	23,005,334.65	-	-	Louisiana	57,710,135.41	-	-	Texas	57,400,070.17	-	-	138,115,540.23	-	0.00
11/25/2019	1.957%	Arkansas	23,813,149.69	-	1,394,041.52	Louisiana	59,895,405.89	-	3,729,057.57	Texas	57,309,546.47	-	4,043,928.91	141,018,102.05	-	9,167,028.00
11/26/2019	1.957%	Arkansas	23,839,491.51	-	1,027,814.07	Louisiana	60,532,150.18	-	3,149,456.44	Texas	56,436,133.79	-	1,431,887.20	140,807,775.48	-	5,609,157.71
11/27/2019	1.957%	Arkansas	24,579,779.79	-	1,814,943.76	Louisiana	60,070,724.02	-	1,639,389.02	Texas	55,161,212.16	-	1,235,165.92	139,811,715.97	-	4,689,498.70
11/28/2019	0.000%	Arkansas	24,579,779.79	-	-	Louisiana	60,070,724.02	-	-	Texas	55,161,212.16	-	-	139,811,715.97	-	0.00
11/29/2019	0.000%	Arkansas	24,579,779.79	-	-	Louisiana	60,070,724.02	-	-	Texas	55,161,212.16	-	-	139,811,715.97	-	0.00
11/30/2019	0.000%	Arkansas	24,579,779.79	53,197.16	-	Louisiana	60,070,724.02	143,910.71	-	Texas	55,161,212.16	143,384.24	-	139,811,715.97	340,492.11	0.00
12/01/2019	0.000%	Arkansas	24,579,779.79	-	-	Louisiana	60,070,724.02	-	-	Texas	55,161,212.16	-	-	139,811,715.97	-	0.00
12/02/2019	1.928%	Arkansas	24,519,396.60	-	545,649.21	Louisiana	59,499,500.08	-	1,264,793.34	Texas	54,529,948.35	-	1,204,546.20	138,548,845.03	-	3,014,988.75
12/03/2019	1.928%	Arkansas	23,763,086.53	-	1,085,323.82	Louisiana	57,079,189.58	-	1,690,932.10	Texas	56,901,577.88	-	6,110,519.59	137,743,853.99	-	8,886,775.51
12/04/2019	1.928%	Arkansas	23,844,153.73	-	1,117,508.49	Louisiana	56,543,273.05	-	1,918,590.49	Texas	53,540,285.14	-	1,792,346.46	133,927,711.92	-	4,828,445.44
12/05/2019	1.926%	Arkansas	24,387,586.73	-	1,491,934.56	Louisiana	56,586,100.71	-	2,304,641.32	Texas	50,426,763.22	-	2,187,166.63	135,810,450.66	-	5,983,742.51
12/06/2019	1.926%	Arkansas	24,169,536.56	-	1,220,885.04	Louisiana	56,395,122.84	-	1,948,464.47	Texas	54,916,219.66	-	1,749,216.53	135,480,879.06	-	4,918,566.04
12/07/2019	0.000%	Arkansas	24,169,536.56	-	-	Louisiana	56,395,122.84	-	-	Texas	54,916,219.66	-	-	135,480,879.06	-	0.00
12/08/2019	0.000%	Arkansas	24,169,536.56	-	-	Louisiana	56,395,122.84	-	-	Texas	54,916,219.66	-	-	135,480,879.06	-	0.00
12/09/2019	1.926%	Arkansas	24,887,025.64	-	1,310,082.55	Louisiana	57,347,570.32	-	2,416,643.23	Texas	53,089,883.17	-	(752,343.80)	135,324,479.13	-	2,974,381.98
12/10/2019	1.926%	Arkansas	23,911,152.61	-	984,514.75	Louisiana	56,035,256.12	-	1,565,847.13	Texas	50,388,540.52	-	1,282,597.25	130,334,949.25	-	3,832,959.13
12/11/2019	1.926%	Arkansas	23,302,962.97	-	880,604.52	Louisiana	54,838,649.68	-	1,878,591.55	Texas	48,593,497.85	-	1,041,632.16	126,735,110.50	-	3,800,828.23
12/12/2019	1.909%	Arkansas	23,272,869.59	-	765,906.87	Louisiana	55,833,129.90	-	2,880,911.18	Texas	47,456,557.44	-	1,477,213.48	126,562,556.93	-	5,124,031.53
12/13/2019	1.909%	Arkansas	23,337,419.73	-	607,350.11	Louisiana	56,252,894.55	-	2,094,110.14	Texas	47,367,663.13	-	1,294,226.97	126,957,977.41	-	3,995,687.22
12/14/2019	0.000%	Arkansas	23,337,419.73	-	-	Louisiana	56,252,894.55	-	-	Texas	47,367,663.13	-	-	126,957,977.41	-	0.00
12/15/2019	0.000%	Arkansas	23,337,419.73	-	-	Louisiana	56,252,894.55	-	-	Texas	47,367,663.13	-	-	126,957,977.41	-	0.00
12/16/2019	1.909%	Arkansas	23,913,801.70	-	1,397,468.18	Louisiana	56,111,095.76	-	1,440,499.17	Texas	47,528,240.44	-	1,279,328.54	127,553,137.90	-	4,117,295.89
12/17/2019	1.909%	Arkansas	24,810,548.81	-	2,061,220.27	Louisiana	55,098,794.13	-	1,988,316.10	Texas	46,722,394.48	-	1,153,667.05	126,631,737.42	-	5,203,203.42
12/18/2019	1.909%	Arkansas	24,602,369.25	-	770,933.53	Louisiana	54,465,330.18	-	1,243,448.42	Texas	58,118,254.61	-	14,176,582.58	137,185,954.04	-	16,190,964.53
12/19/2019	1.894%															

Date	Interest Rate	Jurisdiction	[=] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Jurisdiction	[=] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Jurisdiction	[=] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Total A/R	Bad Debt Charge	Amount Factored
12/25/2019	0.000%	Arkansas	25,126,489.18	-	-	Louisiana	54,764,453.77	-	-	Texas	50,499,045.21	-	-	130,389,988.16	-	0.00
12/26/2019	1.898%	Arkansas	24,705,889.57	-	759,778.59	Louisiana	54,286,801.56	-	2,333,733.44	Texas	49,160,558.23	-	721,794.86	128,153,449.36	-	3,815,306.89
12/27/2019	1.898%	Arkansas	23,307,609.82	-	553,947.69	Louisiana	54,171,823.13	-	2,312,486.34	Texas	46,822,544.45	-	1,239,783.11	124,301,977.40	-	4,106,217.14
12/28/2019	0.000%	Arkansas	23,307,609.82	-	-	Louisiana	54,171,823.13	-	-	Texas	46,822,544.45	-	-	124,301,977.40	-	0.00
12/29/2019	0.000%	Arkansas	23,307,609.82	-	-	Louisiana	54,171,823.13	-	-	Texas	46,822,544.45	-	-	124,301,977.40	-	0.00
12/30/2019	1.898%	Arkansas	24,013,582.67	-	1,780,970.10	Louisiana	56,821,472.78	-	3,888,891.40	Texas	46,324,439.08	-	1,182,928.67	127,159,494.53	-	6,852,790.17
12/31/2019	1.898%	Arkansas	24,458,612.76	56,614.88	1,414,502.40	Louisiana	55,762,024.72	134,270.19	1,203,702.43	Texas	42,104,155.91	103,624.43	596,006.64	122,324,793.39	294,509.50	3,214,211.47
01/01/2020	0.000%	Arkansas	24,458,612.76	-	-	Louisiana	55,762,024.72	-	-	Texas	42,104,155.91	-	-	122,324,793.39	-	0.00
01/02/2020	1.904%	Arkansas	24,646,752.47	-	1,215,810.15	Louisiana	55,555,575.70	-	1,820,184.61	Texas	40,745,877.89	-	2,314.04	120,948,206.06	-	3,038,308.80
01/03/2020	1.904%	Arkansas	24,455,472.88	-	1,005,279.15	Louisiana	55,647,777.39	-	1,828,575.90	Texas	40,866,037.00	-	5,156,168.50	120,969,287.27	-	7,990,023.55
01/04/2020	0.000%	Arkansas	24,455,472.88	-	-	Louisiana	55,647,777.39	-	-	Texas	40,866,037.00	-	-	120,969,287.27	-	0.00
01/05/2020	0.000%	Arkansas	24,455,472.88	-	-	Louisiana	55,647,777.39	-	-	Texas	40,866,037.00	-	-	120,969,287.27	-	0.00
01/06/2020	1.904%	Arkansas	24,310,211.23	-	1,353,300.22	Louisiana	55,712,356.77	-	2,123,687.39	Texas	41,540,766.29	-	2,214,458.80	121,563,334.29	-	5,691,446.41
01/07/2020	1.904%	Arkansas	24,198,549.50	-	1,190,896.32	Louisiana	53,453,040.86	-	2,320,663.90	Texas	41,912,673.96	-	3,170,564.81	119,564,264.32	-	6,682,125.03
01/08/2020	1.904%	Arkansas	24,825,489.60	-	1,608,576.59	Louisiana	53,598,337.96	-	2,782,655.52	Texas	43,154,460.65	-	2,588,299.53	121,578,338.21	-	6,979,532.04
01/09/2020	1.912%	Arkansas	24,950,781.54	-	1,300,508.92	Louisiana	54,165,984.60	-	2,645,692.30	Texas	44,371,503.21	-	2,554,768.64	123,488,269.35	-	6,500,969.86
01/10/2020	1.912%	Arkansas	26,432,652.71	-	1,931,721.75	Louisiana	55,148,644.38	-	2,324,507.23	Texas	45,610,796.56	-	2,091,491.66	127,192,093.65	-	6,347,720.64
01/11/2020	0.000%	Arkansas	26,432,652.71	-	-	Louisiana	55,148,644.38	-	-	Texas	45,610,796.56	-	-	127,192,093.65	-	0.00
01/12/2020	0.000%	Arkansas	26,432,652.71	-	-	Louisiana	55,148,644.38	-	-	Texas	45,610,796.56	-	-	127,192,093.65	-	0.00
01/13/2020	1.912%	Arkansas	26,839,217.04	-	1,264,319.83	Louisiana	55,515,566.95	-	1,625,132.12	Texas	46,397,936.28	-	1,649,696.18	128,752,710.27	-	4,539,148.13
01/14/2020	1.912%	Arkansas	26,094,468.83	-	964,532.50	Louisiana	53,661,478.64	-	1,629,838.32	Texas	46,114,393.30	-	2,247,803.16	125,870,340.77	-	4,842,173.98
01/15/2020	1.912%	Arkansas	25,889,556.59	-	1,179,292.04	Louisiana	54,229,876.56	-	3,400,321.38	Texas	47,110,969.91	-	2,332,277.22	127,230,403.06	-	6,911,890.64
01/16/2020	1.881%	Arkansas	25,420,139.28	-	1,249,112.42	Louisiana	55,475,444.40	-	3,977,257.67	Texas	60,412,865.98	-	14,869,980.47	141,308,449.66	-	20,096,350.56
01/17/2020	1.881%	Arkansas	25,917,876.44	-	1,364,402.02	Louisiana	56,278,047.67	-	2,261,097.91	Texas	60,439,083.48	-	2,047,906.24	142,635,007.59	-	5,673,406.17
01/18/2020	0.000%	Arkansas	25,917,876.44	-	-	Louisiana	56,278,047.67	-	-	Texas	60,439,083.48	-	-	142,635,007.59	-	0.00
01/19/2020	0.000%	Arkansas	25,917,876.44	-	-	Louisiana	56,278,047.67	-	-	Texas	60,439,083.48	-	-	142,635,007.59	-	0.00
01/20/2020	1.881%	Arkansas	26,558,388.95	-	1,316,800.58	Louisiana	55,577,333.06	-	1,455,131.11	Texas	61,682,333.15	-	2,435,677.80	143,818,055.16	-	5,207,609.49
01/21/2020	1.881%	Arkansas	27,079,091.68	-	805,966.04	Louisiana	56,243,373.24	-	1,318,320.86	Texas	63,766,420.64	-	2,568,290.17	147,088,885.56	-	4,689,577.07
01/22/2020	1.881%	Arkansas	26,781,474.39	-	1,336,865.33	Louisiana	55,458,891.75	-	2,529,424.28	Texas	63,311,196.40	-	2,231,356.40	145,551,562.54	-	6,097,646.01
01/23/2020	1.862%	Arkansas	26,565,693.70	-	1,031,798.28	Louisiana	53,407,695.02	-	1,965,525.98	Texas	60,505,643.57	-	1,365,062.71	140,479,032.29	-	4,362,384.97
01/24/2020	1.862%	Arkansas	26,145,890.00	-	940,328.89	Louisiana	54,685,849.29	-	1,337,433.65	Texas	59,598,471.53	-	1,708,533.66	140,430,210.82	-	3,986,296.20
01/25/2020	0.000%	Arkansas	26,145,890.00	-	-	Louisiana	54,685,849.29	-	-	Texas	59,598,471.53	-	-	140,430,210.82	-	0.00
01/26/2020	0.000%	Arkansas	26,145,890.00	-	-	Louisiana	54,685,849.29	-	-	Texas	59,598,471.53	-	-	140,430,210.82	-	0.00
01/27/2020	1.862%	Arkansas	26,469,811.26	-	1,093,510.58	Louisiana	56,176,880.47	-	2,686,007.04	Texas	51,524,449.22	-	1,406,474.55	134,171,140.95	-	5,185,992.17
01/28/2020	1.862%	Arkansas	26,681,790.24	-	1,643,501.11	Louisiana	54,724,433.11	-	3,022,817.48	Texas	51,020,808.79	-	2,422,477.60	132,427,032.14	-	7,088,796.19
01/29/2020	1.862%	Arkansas	27,444,777.74	-	1,565,188.25	Louisiana	54,937,754.66	-	2,434,366.64	Texas	51,427,845.91	-	2,221,301.93	133,810,378.31	-	6,221,856.82
01/30/2020	1.831%	Arkansas	27,748,397.40	-	1,089,728.74	Louisiana	56,364,662.35	-	2,941,331.19	Texas	50,826,081.91	-	1,334,388.38	134,939,141.66	-	5,365,448.31
01/31/2020	1.831%	Arkansas	28,782,796.87	72,428.27	1,967,580.24	Louisiana	56,175,713.17	158,243.53	1,426,833.29	Texas	47,795,503.03	141,582.34	1,447,467.90	132,754,013.07	372,254.14	4,841,881.43
02/01/2020	0.000%	Arkansas	28,782,796.87	-	-	Louisiana	56,175,713.17	-	-	Texas	47,795,503.03	-	-	132,754,013.07	-	0.00
02/02/2020	0.000%	Arkansas	28,782,796.87	-	-	Louisiana	56,175,713.17	-	-	Texas	47,795,503.03	-	-	132,754,013.07	-	0.00
02/03/2020	1.831%	Arkansas	28,565,672.50	-	908,579.82	Louisiana	55,703,834.05	-	1,186,414.98	Texas	48,333,653.59	-	2,051,275.59	132,603,160.14	-	4,146,270.39
02/04/2020	1.831%	Arkansas	27,798,782.69	-	980,515.77	Louisiana	53,939,227.52	-	1,610,542.50	Texas	49,430,585.21	-	5,143,636.92	131,168,595.42	-	7,734,695.19
02/05/2020	1.831%	Arkansas	27,004,944.92	-	975,098.22	Louisiana	53,794,489.00	-	2,137,089.82	Texas	49,664,746.97	-	2,392,662.69	130,464,180.89	-	5,504,860.73
02/06/2020	1.815%	Arkansas	27,363,055.43	-	1,323,696.69	Louisiana	53,724,139.21	-	2,219,752.27	Texas	50,325,102.81	-	2,566,021.10	131,412,297.45	-	6,109,470.06
02/07/2020	1.815%	Arkansas	27,900,939.48	-	1,694,692.66	Louisiana	54,550,870.50	-	2,240,690.28	Texas	51,947,885.94	-	2,754,963.26	134,399,695.92	-	6,690,346.20
02/08/2020	0.000%	Arkansas	27,900,939.48	-	-	Louisiana	54,550,870.50	-	-	Texas	51,947,885.94	-	-	134,399,695.92	-	0.00
02/09/2020	0.000%	Arkansas	27,900,939.48	-	-	Louisiana	54,550,870.50	-	-	Texas	51,947,885.94	-	-	134,399,695.92	-	0.00
02/10/2020	1.815%	Arkansas	28,624,370.32	-	1,520,840.32	Louisiana	53,968,614.47	-	1,947,492.59	Texas	50,758,919.34	-	2,234,416.90	133,351,904.13	-	5,702,749.81
02/11/2020	1.815%	Arkansas	27,262,434.17	-	1,100,410.21	Louisiana	52,889,655.91	-	1,721,225.19	Texas	50,365,257.09	-	1,924,784.04	130,517,347.17	-	4,746,419.44
02/12/2020	1.815%	Arkansas	27,094,286.11	-	946,163.39	Louisiana	53,704,263.02	-	2,245,304.75	Texas	51,176,427.85	-	2,261,675.04	131,974,976.98	-	5,453,143.18
02/13/2020	1.802%	Arkansas	27,137,915.20	-	871,045.49	Louisiana	54,476,169.17	-	3,120,282.52	Texas	51,279,648.01	-	2,217,853.36	132,893,732.38	-	6,209,181.37
02/14/2020	1.802%	Arkansas	26,537,030.28	-	858,681.89	Louisiana	54,239,546.73	-	2,815,424.87	Texas	50,710,883.68	-	2,253,003.21	131,487,460.69	-	5,927,109.97
02/15/2020	0.000%	Arkansas	26,537,030.28	-	-	Louisiana	54,239,546.73	-	-	Texas	50,710,883.68	-	-	131,487,460.69	-	0.00
02/16/2020	0.000%	Arkansas	26,537,030.28	-	-	Louisiana	54,239,546.73	-	-	Texas	50,710,883.68	-	-	131,487,460.69	-	0.00
02/17/2020	1.802%	Arkansas	27,106,333.29	-	1,517,132.31	Louisiana	54,101,417.72	-	1,320,073.33	Texas	62,235,054.29	-	13,217,314.63	132,542,805.30	-	16,054,520.27
02/18/2020	1.802%	Arkansas	27,713,622.83	-	820,515.51	Louisiana	55,678,151.32	-	2,308,699.06	Texas	62,576,151.94	-	1,962,458.49	145,967,926.09	-	5,091,673.06
02/19/2020	1.802%	Arkansas	26,956,873.66	-	946,545.18	Louisiana	53,982,146.68	-	1,461,255.56	Texas	61,462,034.39	-	1,752,766.14	142,401,054.73	-	4,240,566.88
02/20/2020	1.772%	Arkansas	26,848,186.96	-	1,353,844.59	Louisiana	54,226,049.95	-	2,422,781.71	Texas	61,244,657.98	-	2,268,614.89	142,318,894.89	-	6,045,241.19
02/21/2020	1.772%	Arkansas	26,640,682.49	-	781,658.71	Louisiana	54,097,376.61	-	2,295,566.85	Texas	61,022,181.95	-	1,271,431.57	141,760,241.05	-	4,348,657.13
02/22/2020	0.000%	Arkansas	26,640,682.49	-	-	Louisiana	54,097,376.61	-	-	Texas	61,022,181.95	-	-	141,760,241.05	-	0.00
02/23/2020	0.000%	Arkansas	26,640,682.49	-	-	Louisiana	54,097,376.61	-	-	Texas	61,022,181.95	-	-	141,760,241.05	-	0.00
02/24/2020																

Date	Interest Rate	Jurisdiction	[*] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Jurisdiction	[*] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Jurisdiction	[*] Receivables Balance/ AR Balance	Bad Debt Charge	Receivables for Sale/ Amount Factored	Total A/R Balance	Bad Debt Charge	Amount Factored
03/01/2020	0.000%	Arkansas	28,025,822.60	-	-	Louisiana	53,381,209.03	-	-	Texas	51,687,730.64	-	-	133,094,762.27	-	0.00
03/02/2020	1.784%	Arkansas	27,763,960.37	713,970.17	713,970.17	Louisiana	52,415,985.27	1,541,822.07	1,541,822.07	Texas	50,601,073.78	1,754,695.57	1,754,695.57	130,781,019.42	3,310,487.81	4,010,487.81
03/03/2020	1.784%	Arkansas	27,347,535.94	1,153,786.70	1,153,786.70	Louisiana	50,360,507.23	1,456,723.29	1,456,723.29	Texas	49,023,273.23	6,613,862.40	6,613,862.40	126,731,316.40	9,224,372.39	9,224,372.39
03/04/2020	1.784%	Arkansas	27,346,919.74	(617.55)	(617.55)	Louisiana	50,358,701.63	(1,811.10)	(1,811.10)	Texas	49,022,348.24	(927.00)	(927.00)	126,727,969.61	(3,355.65)	(3,355.65)
03/05/2020	1.720%	Arkansas	26,311,811.67	1,596,385.30	1,596,385.30	Louisiana	49,095,747.20	2,729,410.94	2,729,410.94	Texas	48,647,635.12	4,029,340.77	4,029,340.77	124,055,193.99	8,355,193.01	8,355,193.01
03/06/2020	1.720%	Arkansas	26,675,505.53	1,707,531.21	1,707,531.21	Louisiana	48,473,739.32	2,187,946.37	2,187,946.37	Texas	49,033,249.38	2,278,260.21	2,278,260.21	124,182,494.23	6,173,737.79	6,173,737.79
03/07/2020	0.000%	Arkansas	26,675,505.53	-	-	Louisiana	48,473,739.32	-	-	Texas	49,033,249.38	-	-	124,182,494.23	0.00	0.00
03/08/2020	0.000%	Arkansas	26,675,505.53	-	-	Louisiana	48,473,739.32	-	-	Texas	49,033,249.38	-	-	124,182,494.23	0.00	0.00
03/09/2020	1.720%	Arkansas	26,606,898.17	950,626.66	950,626.66	Louisiana	48,305,526.83	2,011,641.41	2,011,641.41	Texas	49,551,230.40	1,923,260.52	1,923,260.52	124,463,655.40	4,885,528.59	4,885,528.59
03/10/2020	1.720%	Arkansas	26,622,740.08	998,662.82	998,662.82	Louisiana	48,673,222.11	2,553,721.56	2,553,721.56	Texas	49,660,319.64	2,148,546.24	2,148,546.24	124,956,281.83	5,700,920.62	5,700,920.62
03/11/2020	1.720%	Arkansas	25,816,093.95	660,045.25	660,045.25	Louisiana	48,200,060.97	1,755,151.08	1,755,151.08	Texas	48,300,878.63	2,225,722.69	2,225,722.69	122,317,033.55	4,640,919.02	4,640,919.02
03/12/2020	1.597%	Arkansas	25,151,649.36	580,213.12	580,213.12	Louisiana	48,396,314.39	2,045,789.62	2,045,789.62	Texas	48,698,437.46	1,747,626.27	1,747,626.27	122,246,401.21	4,473,629.01	4,473,629.01
03/13/2020	1.597%	Arkansas	24,535,549.70	586,561.28	586,561.28	Louisiana	49,241,136.57	2,670,909.50	2,670,909.50	Texas	48,632,668.41	1,439,872.89	1,439,872.89	122,409,354.68	4,647,343.67	4,647,343.67
03/14/2020	0.000%	Arkansas	24,535,549.70	-	-	Louisiana	49,241,136.57	-	-	Texas	48,632,668.41	-	-	122,409,354.68	0.00	0.00
03/15/2020	0.000%	Arkansas	24,535,549.70	-	-	Louisiana	49,241,136.57	-	-	Texas	48,632,668.41	-	-	122,409,354.68	0.00	0.00
03/16/2020	1.597%	Arkansas	23,699,886.31	585,370.48	585,370.48	Louisiana	49,084,763.05	2,517,650.64	2,517,650.64	Texas	48,930,748.73	2,259,132.50	2,259,132.50	121,714,898.09	5,362,153.62	5,362,153.62
03/17/2020	1.597%	Arkansas	24,003,776.48	1,197,926.38	1,197,926.38	Louisiana	48,951,357.66	2,599,074.27	2,599,074.27	Texas	48,508,764.76	2,261,655.84	2,261,655.84	121,463,898.90	6,058,656.49	6,058,656.49
03/18/2020	1.597%	Arkansas	23,466,535.16	878,694.30	878,694.30	Louisiana	48,042,554.78	1,579,948.93	1,579,948.93	Texas	58,358,566.39	11,980,617.44	11,980,617.44	129,867,656.33	14,439,260.67	14,439,260.67
03/19/2020	1.460%	Arkansas	22,769,294.23	376,496.01	376,496.01	Louisiana	47,871,727.37	1,476,878.54	1,476,878.54	Texas	52,556,388.00	1,530,408.99	1,530,408.99	123,197,409.60	3,383,783.54	3,383,783.54
03/20/2020	1.460%	Arkansas	22,459,534.39	708,582.65	708,582.65	Louisiana	48,457,426.90	2,358,353.20	2,358,353.20	Texas	52,065,004.60	2,218,521.45	2,218,521.45	122,881,965.89	5,285,457.30	5,285,457.30
03/21/2020	0.000%	Arkansas	22,459,534.39	-	-	Louisiana	48,457,426.90	-	-	Texas	52,065,004.60	-	-	122,881,965.89	0.00	0.00
03/22/2020	0.000%	Arkansas	22,459,534.39	-	-	Louisiana	48,457,426.90	-	-	Texas	52,065,004.60	-	-	122,881,965.89	0.00	0.00
03/23/2020	1.460%	Arkansas	22,096,724.39	776,870.38	776,870.38	Louisiana	47,229,869.15	1,994,579.91	1,994,579.91	Texas	49,069,413.24	1,296,064.54	1,296,064.54	118,396,008.78	4,067,514.83	4,067,514.83
03/24/2020	1.460%	Arkansas	21,849,851.97	621,429.27	621,429.27	Louisiana	46,937,873.95	1,200,973.70	1,200,973.70	Texas	50,008,270.40	2,232,044.47	2,232,044.47	118,795,996.32	4,054,447.44	4,054,447.44
03/25/2020	1.460%	Arkansas	22,497,514.76	1,197,637.45	1,197,637.45	Louisiana	47,462,440.21	2,160,068.80	2,160,068.80	Texas	49,467,001.25	1,312,361.19	1,312,361.19	119,426,956.22	4,670,067.44	4,670,067.44
03/26/2020	1.382%	Arkansas	22,155,733.64	516,989.01	516,989.01	Louisiana	48,600,400.54	2,486,068.36	2,486,068.36	Texas	49,056,095.73	1,544,957.01	1,544,957.01	119,812,229.91	4,548,004.38	4,548,004.38
03/27/2020	1.382%	Arkansas	22,583,351.94	945,538.78	945,538.78	Louisiana	49,396,580.05	1,798,698.34	1,798,698.34	Texas	49,751,679.94	1,671,528.28	1,671,528.28	121,731,611.93	4,415,765.40	4,415,765.40
03/28/2020	0.000%	Arkansas	22,583,351.94	-	-	Louisiana	49,396,580.05	-	-	Texas	49,751,679.94	-	-	121,731,611.93	0.00	0.00
03/29/2020	0.000%	Arkansas	22,583,351.94	-	-	Louisiana	49,396,580.05	-	-	Texas	49,751,679.94	-	-	121,731,611.93	0.00	0.00
03/30/2020	1.382%	Arkansas	23,082,607.34	1,253,836.18	1,253,836.18	Louisiana	48,649,330.23	938,987.46	938,987.46	Texas	48,382,244.56	1,101,632.74	1,101,632.74	120,114,182.13	3,294,456.38	3,294,456.38
03/31/2020	1.382%	Arkansas	22,846,469.64	40,435.18	709,605.22	Louisiana	49,367,555.00	146,990.94	2,808,541.40	Texas	46,526,911.43	118,487.41	1,197,925.33	118,740,936.07	305,913.53	4,716,071.95
Total:				809,788.34	305,790,896.19			1,984,020.01	615,553,088.15			1,828,272.47	733,401,172.83		4,622,080.82	*****
Daily Average	1.499%		26,512,896.46	2,212.54	829,586.77		58,897,208.26	5,420.82	1,670,278.30		57,268,160.72	4,995.28	1,984,102.77	142,678,265.44	12,628.64	4,483,967.84
Bank Cr Line Fees					185,254.12				372,914.13				444,308.81			1,002,477.07
Carrying Cost					759,507.95				1,687,212.80				1,640,545.90			4,087,266.65
Average Total Days Sales Outstanding for Test Year					31.96				35.26				28.86			31.82
Bad Debt Rate			Bad Debt Rate	0.00		Bad Debt Rate	0.00		0.00		Bad Debt Rate	0.00	Bad Debt Rate	0.00		0.002793
Bank Cr Line Fees			Bank Cr Line Fees	0.00		Bank Cr Line Fees	0.00		0.00		Bank Cr Line Fees	0.00	Bank Cr Line Fees	0.00		0.000606
Carrying Cost Rate			Carrying Cost Rate	0.00		Carrying Cost Rate	0.00		0.00		Carrying Cost Rate	0.00	Carrying Cost Rate	0.00		0.002470
Factoring Rate			Factoring Rate	Arkansas 0.01		Factoring Rate	Louisiana 0.01		0.01		Factoring Rate	Texas 0.01	Factoring Rate	Total Company		0.005869

note: DAILY AVERAGES BASED ON 366 DAY YEAR FOR THIS TEST YEAR DUE TO FEB 29

ties to GL 9,711,824.54

0000110

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-24:

Refer to response to Staff 5-65, Attachment 1.

- a) For the item with the location/description "Capitalized Software FullyDepreciated: SEP: 9303FD" with a total cost of \$10,871,694.73 and \$0 of test year amortization expense, please provide an explanation and justification for the requested inclusion of \$1,855,749.93 of amortization requested for this item.
- b) For the item with location/description "Capitalized Software – Oracle:SEP: 9303ORA" with a cost of \$12,638,903.77 and \$1,264,025.22 of testyear amortization, please provide a detailed explanation and justificationfor the use of an amortization rate of 17.0696% to calculate the proposed adjustment of \$893,379.63 given that the amortization period is 10 years.
- c) For the item with location/description "Capitalized Software – Maximo:SEP: 9303MAX" with a cost of \$16,948,195.48 and \$281,834.94 of test year amortization, please provide a detailed explanation and justification for the use of an amortization rate of 17.0696% to calculate the proposed adjustment of \$2,611,146.63 given that the amortization period is 15 years.

Response No. STAFF 9-24:

Please see Staff 9-24 Attachment 1 for the corrected software amortization requested.

- a) The requested amount was included in error and has been removed. Resulting in a decrease of the requested amount of \$1,855,750.
- b) Staff 9-24 Attachment 1 (Software tab) has the calculation with the applicable rates by location/description which derives the same amount as Staff 9-24 Attachment 1 (Composite Rate tab) when the "Capitalized Software FullyDepreciated: SEP: 9303FD" is excluded.
- c) Same as b)

Prepared By: James D. Spring

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Jason A. Cash

Title: Accounting Sr Mgr

Plant Acct
30300 - Intangible Property

Data

Asset Location	Sum of Cost	Sum of Allocated Reserve	Sum of Net Book Value	Rate	Cost X Rate	amortization limited to NBV
Capitalized Software - Cloud : SEP : 9303CLD	456,929	8,723	448,206	20.000%	91,386	91,386
Capitalized Software - Dell : SEP : 9303DELL	2,687,749	1,209,487	1,478,261	20.000%	537,550	537,550
Capitalized Software - High Availability Data Center : SEP : 9303HAV	5,360,897	4,346,525	1,014,372	20.000%	1,072,179	1,014,372
Capitalized Software - Maximo : SEP : 9303MAX	16,948,195	281,835	16,666,361	6.670%	1,130,445	1,130,445
Capitalized Software - Oracle : SEP : 9303ORA	12,638,904	3,476,345	9,162,558	10.000%	1,263,890	1,263,890
Capitalized Software Fully Depreciated : SEP : 9303FD	10,871,695	10,871,695	-	20.000%	-	-
Capitalized Software, TX : SEP : 9303TX	18,679,691	7,762,202	10,917,489	20.000%	3,735,938	3,735,938
Capitalized Software-SEP GENERAL	63,496,390	27,683,157	35,813,232	20.000%	12,699,278	12,699,278
Flint Creek Generating Plant : SEP : PPFLC	764,477	223,755	540,722	20.000%	152,895	152,895
HCP and NEPA Study for American Burying Beetle (ABB) : SEP : ABBAR	61,819	2,578	59,241	20.000%	12,364	12,364
HCP and NEPA Study for American Burying Beetle (ABB) : SEP : ABBTX	37,959	1,583	36,376	20.000%	7,592	7,592
Mattison Interconnect : SEP : HDMINTC	523,301	137,847	385,453	20.000%	104,660	104,660
Stall Interconnect : SEP : PPSTAINTC	202,867	151,272	51,595	20.000%	40,574	40,573
Welsh Generating Plant : SEP : PPWSH	337,028	233,895	103,133	20.000%	67,406	67,406
30300 - Intangible Property Total	133,067,900	56,390,900	76,677,000		20,916,156	20,858,349

less
SLOPED reg. 22,714,099
Staffing to
SLOPED
deficit <1,855,750>

pg 113

Utility Account	Asset Location/Description	Total	Test Year Amortization Expense	Amortization Period	Amort Rate	Calculated Amount	Adjustment Amount
30100 - Organization Costs	Louisiana General Plant Equipment (except Land & Buildings) : SEP : LAGEN	\$12,201.82	\$0.00	0 Years	0.0000%	\$0.00	\$0.00
30300 - Intangible Property	Capitalized Software - Cloud : SEP : 9303CLD	\$456,929.04	\$8,723.23	5 Years	17.0696%	\$77,995.75	\$69,272.52
30300 - Intangible Property	Capitalized Software - Dell : SEP : 9303DELL	\$2,687,748.53	\$537,549.84	5 Years	17.0696%	\$458,786.72	(\$78,763.12)
30300 - Intangible Property	Capitalized Software - High Availability Data Center : SEP : 9303HAV	\$5,360,897.35	\$1,072,179.36	5 Years	17.0696%	\$915,081.33	(\$157,098.03)
30300 - Intangible Property	Capitalized Software Fully Depreciated : SEP : 9303FD	\$10,871,694.73	\$0.00	0 Years	17.0696%		\$0.00
30300 - Intangible Property	Capitalized Software, TX : SEP : 9303TX	\$18,679,691.35	\$4,089,740.07	5 Years	17.0696%	\$3,188,540.22	(\$901,199.85)
30300 - Intangible Property	Capitalized Software-SEP GENERAL	\$63,496,389.51	\$10,116,709.43	5 Years	17.0696%	\$10,838,551.22	\$721,841.79
30300 - Intangible Property	Flint Creek Generating Plant : SEP : PPFLC	\$764,476.93	\$29,628.60	5 Years	17.0696%	\$130,492.81	\$100,864.21
30300 - Intangible Property	HCP and NEPA Study for American Burying Beetle (ABB) : SEP : ABBAR	\$61,818.93	\$2,166.72	5 Years	17.0696%	\$10,552.22	\$8,385.50
30300 - Intangible Property	HCP and NEPA Study for American Burying Beetle (ABB) : SEP : ABBTX	\$37,958.53	\$1,165.92	5 Years	17.0696%	\$6,479.35	\$5,313.43
30300 - Intangible Property	Mattison Interconnect : SEP : HDMINTC	\$523,300.91	\$4,466.53	5 Years	17.0696%	\$89,325.14	\$84,858.61
30300 - Intangible Property	Stall Interconnect : SEP : PPSTAINTC	\$202,867.49	(\$37,193.90)	5 Years	17.0696%	\$34,628.58	\$71,822.48
30300 - Intangible Property	Welsh Generating Plant : SEP : PPWSH	\$337,027.84	\$49,778.21	5 Years	17.0696%	\$57,529.15	\$7,750.94
30300 - Intangible Property	Capitalized Software - Oracle : SEP : 9303ORA	\$12,638,903.77	\$1,264,025.22	10 Years	17.0696%	\$2,157,404.65	\$893,379.43
30300 - Intangible Property	Capitalized Software - Maximo : SEP : 9303MAX	\$16,948,195.48	\$281,834.94	15 Years	17.0696%	\$2,892,981.57	\$2,611,146.63
		<u>\$133,080,102.21</u>	<u>\$17,420,774.17</u>			<u>\$20,858,348.71</u>	<u>\$3,437,574.54</u>

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**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-65:

Please provide a detailed description of all intangible assets as well as the original cost, the amortization period, the test year amount of amortization expense, adjustments to the test year amortization expense, and the requested amortization expense for each stated separately.

Response No. Staff 5-65:

Please see Staff 5-65 Attachment 1.xlsx for a description of all intangible assets as well as the original cost, the amortization period, the test year amount of amortization expense, adjustments to the test year amortization expense, and the requested amortization expense for each stated separately.

Prepared By: Jason A. Cash

Title: Accounting Sr Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Jason A. Cash

Title: Accounting Sr Mgr

Utility Account	Asset Location/Description	Total	Test Year	Amortization Expense	Amortization Period	Amort Rate	Calculated Amount	Adjustment Amount
30100 - Organization Costs	Louisiana General Plant Equipment (except Land & Buildings) : SEP : LAGEN	\$12,201.82		\$0.00	0 Years	0.0000%	\$0.00	\$0.00
30300 - Intangible Property	Capitalized Software - Cloud : SEP : 9303CLD	\$456,929.04		\$8,723.23	5 Years	17.0696%	\$77,995.75	\$69,272.52
30300 - Intangible Property	Capitalized Software - Dell : SEP : 9303DELL	\$2,687,748.53		\$537,549.84	5 Years	17.0696%	\$458,786.72	(\$78,763.12)
30300 - Intangible Property	Capitalized Software - High Availability Data Center : SEP : 9303HAV	\$5,360,897.35		\$1,072,179.36	5 Years	17.0696%	\$915,081.33	(\$157,098.03)
30300 - Intangible Property	Capitalized Software Fully Depreciated : SEP : 9303FD	\$10,871,694.73		\$0.00	0 Years	17.0696%	\$1,855,749.93	\$1,855,749.93
30300 - Intangible Property	Capitalized Software, TX : SEP : 9303TX	\$18,679,691.35		\$4,089,740.07	5 Years	17.0696%	\$3,188,540.22	(\$901,199.85)
30300 - Intangible Property	Capitalized Software-SEP GENERAL	\$63,496,389.51		\$10,116,709.43	5 Years	17.0696%	\$10,838,551.22	\$721,841.79
30300 - Intangible Property	Flint Creek Generating Plant : SEP : PPFLC	\$764,476.93		\$29,628.60	5 Years	17.0696%	\$130,492.81	\$100,864.21
30300 - Intangible Property	HCP and NEPA Study for American Burying Beetle (ABB) : SEP : ABBAR	\$61,818.93		\$2,166.72	5 Years	17.0696%	\$10,552.22	\$8,385.50
30300 - Intangible Property	HCP and NEPA Study for American Burying Beetle (ABB) : SEP : ABBTX	\$37,958.53		\$1,165.92	5 Years	17.0696%	\$6,479.35	\$5,313.43
30300 - Intangible Property	Mattison Interconnect : SEP : HDMINTC	\$523,300.91		\$4,466.53	5 Years	17.0696%	\$89,325.14	\$84,858.61
30300 - Intangible Property	Stall Interconnect : SEP : PPSTAINTC	\$202,867.49		(\$37,193.90)	5 Years	17.0696%	\$34,628.58	\$71,822.48
30300 - Intangible Property	Welsh Generating Plant : SEP : PPWSH	\$337,027.84		\$49,778.21	5 Years	17.0696%	\$57,529.15	\$7,750.94
30300 - Intangible Property	Capitalized Software - Oracle : SEP : 9303ORA	\$12,638,903.77		\$1,264,025.22	10 Years	17.0696%	\$2,157,404.65	\$893,379.43
30300 - Intangible Property	Capitalized Software - Maximo : SEP : 9303MAX	\$16,948,195.48		\$281,834.94	15 Years	17.0696%	\$2,892,981.57	\$2,611,146.63
		<u>\$133,080,102.21</u>		<u>\$17,420,774.17</u>			<u>\$22,714,098.64</u>	<u>\$5,293,324.47</u>

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION

Question No. Staff 5-64:

Given that the Commission's order in Docket No. 46449 was issued on March 19, 2018, please provide a detailed explanation and justification for why a full year of amortization of the Welsh Unit 2 regulatory asset was not recorded on the books of SWEPCO for the test year ending March 31, 2020.

Response No. Staff 5-64:

The reason to adjust the Welsh Unit 2 regulatory asset does not relate to the timing of the Commission's order in Docket 46449 and the end of the test year. The reason for the increase is because SWEPCO was not allowed to set up the regulatory asset on its GAAP books at the level approved by the Commission due to Accounting Standard Codification (ASC) 980-360-35-1 and 980-340-35-1. Because the Commission did not allow a return on this regulatory asset, SWEPCO had to write-off a portion of Welsh Unit 2 to comply with GAAP. Thus, the amount of amortization on SWEPCO's books is less than the \$3,142,658 allowed by the Commission due to the lower regulatory asset value. Adjustment A-3.8 simply increases the lower per book amount, due to the write-off, to the value approved by the Commission and included in the Docket No. 46449 number runs.

Prepared By: Randall W. Hamlett

Title: Dir Regulatory Acctg Svcs

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

SOUTHWESTERN ELECTRIC POWER COMPANY
 Calculation of Customer Deposit Interest Expense
 For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Schedule A Reference	(3) Workpaper Reference	(4) Acct Reference	(5) Exp Amt As Adjusted	(6) TY Amt Per Books	(7) Total Adjustment
1	Customer deposit annual interest	Sch A, ln 4	WP/A-3.22	903.2	1,438,097	-	1,438,097
2	Total				<u>\$ 1,438,097</u>	<u>\$ -</u>	<u>\$ 1,438,097</u>

based on
2019 interest
rate

Justification for requested adjustment:

Determine interest expense for customer deposits to be included in cost of service, based on PUC approved TX interest rate, Dkt 45319 of 2.21%. The discussion of this adjustment can be found in the testimony Mr. Michael Baird.

customer deposits 65,072,259
 X .61%

 396,941
 Staff proposed interest
 cust. dep
 SWAPO proposed <1,438,097>
 Staff Adj. to
 SWAPO request 1,041,156

PROJECT NO. 45319

SETTING INTEREST RATES FOR
CALENDAR YEAR 2021

§
§
§

2020 NOV 10 PM 12:07
PUBLIC UTILITY COMMISSION
OF TEXAS

ORDER

This Order establishes the interest rate for deposits held by utilities for calendar year 2021 as required by section 183.003 of the Texas Utilities Code. This Order also establishes the interest rate for overbillings and certain underbillings by a utility for calendar-year 2021 as required by 16 Texas Admin. Code § 25.28(c) and (d), § 25.480(d) and (e), and § 26.27(a)(3) and (b)(4). The Commission orders the following:

1. The interest rate for calendar-year 2021 on deposits held by utilities is set at 0.61 percent.
2. The interest rate for calendar-year 2021 for overbillings and certain underbillings by a utility is set at 0.82 percent.

*SWERC used
2019 rate of
2.21% for
interest on
customer deposits*

Staff Adjustments Related to Retired Generating Units

Plant	Utility Account	Month Number	Activity Cost	Unit 4 Retired Jan 2019 Assume Same Avg. NBV as Other 2 Units	Total Knox Lee Retirements	SWEP Requested Depreciation Rate D-4	Staff Depreciation Expense Adjustment
Knox Lee Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	202005	(1,418,917)	(709,459)	(2,128,376)	3.28%	(69,811)
Knox Lee Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	202005	(1,337,150)	(668,575)	(2,005,725)	3.28%	(65,788)
Knox Lee Generating Plant	31430 - Turbogenerator Units-Oil/Gas	202005	(1,286,941)	(643,471)	(1,930,412)	3.62%	(69,881)
Knox Lee Generating Plant	31430 - Turbogenerator Units-Oil/Gas	202005	(1,197,489)	(598,744)	(1,796,233)	3.62%	(65,024)
Knox Lee Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas	202005	(968,072)	(484,036)	(1,452,108)	1.89%	(27,490)
Knox Lee Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas	202005	(975,981)	(487,990)	(1,463,971)	1.89%	(27,714)
Knox Lee Units 2 & 3 NBV at Retirement in May of 2020			(7,184,550)	(3,592,275)	(10,776,824)		(325,707)
Lieberman Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	202005	(609,654)		(609,654)	8.19%	(49,931)
Lieberman Generating Plant	31430 - Turbogenerator Units-Oil/Gas	202005	(988,413)		(988,413)	7.54%	(74,526)
Lieberman Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas	202005	(40,752)		(40,752)	6.26%	(2,549)
Lieberman NBV at Retirement			(1,638,820)		(1,638,820)		(127,006)
Lone Star Generating Plant	31230 - Boiler Plant Equip-Oil/Gas				(315,149)	0	
Lone Star Generating Plant	31430 - Turbogenerator Units-Oil/Gas				(313,242)	0	
Lone Star Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas				(196,435)	6.22%	(12,226)
Lone Star NBV at retirement			(824,826)		(824,826)	0	(12,226)
Total Plant Retirements			(9,648,195)	(3,592,275)	(13,240,470)		(464,939)

Staff Adjustment to Net Plant for Retirements:

Retirements by FERC Acct Knox Lee & Lieberman:	Amount	Percentage	Allocate	
			Lone Star	
31230 - Boiler Plant Equip-Oil/Gas	(4,743,755)	38%	(315,149)	(5,058,903)
31430 - Turbogenerator Units-Oil/Gas	(4,715,058)	38%	(313,242)	(5,028,300)
31730 - ARO Steam Prod Plnt Oil/Gas	(2,956,831)	24%	(196,435)	(3,153,267)
Total Allocated Plant Retirements	(12,415,644)	100%	(824,826)	(13,240,470)

Reasonableness Check:

Knox Lee NBV at TYE: \$13,603,768 Response to Staff 5-66
Units 4, 2 & 3 Retired, Unit 5 Still in service
\$13,603,768 ÷ 4 times 3 =

10,202,826

Lieberman NBV at TYE: \$6,231,201 Response to Staff 5-66
Unit 2 retired, Units 3 & 4 Still in service
\$6,231,201 ÷ 3 =

2,077,067

Lone Star - No units left in service
NBV at TYE = \$1,067,340 Response to Staff 5-66
Reasonableness check of Staff plant retirement, above

1067340
13,347,233

Staff Regulatory Asset Balance and Amortization Expense

Regulatory Asset Balance	13,240,470
Number of years in amortization period	4
Staff Amortization Expense	3,310,118

Staff Property Tax Adjustment: Exclude Retired Unit NBV from Ad Valorem Tax Calculation

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**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S NINTH SET OF REQUESTS FOR
INFORMATION**

Question No. CARD 9-2:

Reference SWEPCO's response to CARD 1-15, please provide the retirement date, age at retirement, net dependable capacity, and net book value for each of the referenced retirements at the Knox Lee, Lone Star and Lieberman plants.

Response No. CARD 9-2:

See page 9, line 20 through page 10, line 20 of Company witness McMahon's direct testimony, for Knox Lee Units 2-4, Lieberman Unit 2, and Lone Star Unit 1 retirement dates, age at retirement, and MW capacity.

For Lone Star, the net book value at retirement was \$824,826.17.

For Knox Lee and Lieberman, the Company does not track these plants by individual units within its property records and therefore the net book value of each unit at retirement is not available. The Company's accounting treatment of the retired units was performed in accordance with FERC's Code of Federal Regulations, Title 18, Conservation of Power and Water Resources, part 101, Electric Plant Instructions, item 10 Additions and Retirements of Electric Plant, Paragraph B, (2) which states:

"(2) When a retirement unit is retired from electric plant, with or without replacement, the book cost thereof shall be credited to the electric plant account in which it is included, determined in the manner set forth in paragraph D, below. If the retirement unit is of a depreciable class, the book cost of the unit retired and credited to electric plant shall be charged to the accumulated provision for depreciation applicable to such property. The cost of removal and the salvage shall be charged to or credited, as appropriate, to such depreciation account."

Since the net book value of each unit at retirement is not available, the Company can provide the net book value of the Knox Lee and Lieberman Plants in the month prior to retirement (April and May 2020) and the amounts recorded for the retirement for the units at each plant in May 2020. Please see CARD 9-2 Attachment 1.xlsx for this information.

Prepared By: Tara D. Beske

Title: Regulatory Consultant Staff

Sponsored By: Jason A. Cash

Title: Accounting Sr Mgr

Sponsored By: Monte A. McMahon

Title: VP Generating Assets SWEPCO

Company	Plant	Utility Account	Month	Book Cost	Allocated Reserve	Net Book Value
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31030 - Land - Oil/Gas	04/2020	\$102,781.04	\$0.00	\$102,781.04
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31130 - Struct, Improvemnts-Oil/Gas	04/2020	\$9,077,082.69	\$7,998,297.96	\$1,078,784.73
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	04/2020	\$32,773,283.15	\$28,308,403.80	\$4,464,879.35
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31430 - Turbogenator Units-Oil/Gas	04/2020	\$18,087,784.23	\$14,946,587.96	\$3,141,196.27
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31530 - Accssry Elect Equip-Oil/Gas	04/2020	\$4,671,832.42	\$2,952,861.38	\$1,718,971.04
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31630 - Misc Pwr Plt Equip-Oil/Gas	04/2020	\$2,053,745.20	\$1,792,989.52	\$260,755.68
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas	04/2020	\$3,294,854.12	\$1,227,467.63	\$2,067,386.49
				\$70,061,362.85	\$57,226,608.25	\$12,834,754.60
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31030 - Land - Oil/Gas	04/2020	\$24,026.38	\$0.00	\$24,026.38
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31130 - Struct, Improvemnts-Oil/Gas	04/2020	\$5,407,423.32	\$3,852,585.24	\$1,554,838.08
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	04/2020	\$20,004,188.70	\$17,818,352.68	\$2,185,836.02
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31430 - Turbogenator Units-Oil/Gas	04/2020	\$11,758,614.06	\$11,144,785.62	\$613,828.44
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31530 - Accssry Elect Equip-Oil/Gas	04/2020	\$3,471,047.38	\$2,408,040.87	\$1,063,006.51
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31630 - Misc Pwr Plt Equip-Oil/Gas	04/2020	\$2,320,379.96	\$1,953,042.88	\$367,337.08
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas	04/2020	\$1,263,344.24	\$940,324.21	\$323,020.03
				\$44,249,024.04	\$38,117,131.50	\$6,131,892.54

Company	Plant	Utility Account	Month	Book Cost	Allocated Reserve	Net Book Value
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31030 - Land - Oil/Gas	05/2020	\$102,781.04	\$0.00	\$102,781.04
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31130 - Struct, Improvemnts-Oil/Gas	05/2020	\$9,077,082.69	\$8,017,889.34	\$1,059,193.35
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	05/2020	\$30,017,216.23	\$25,635,089.42	\$4,382,126.81
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31430 - Turbogenator Units-Oil/Gas	05/2020	\$15,603,354.34	\$12,503,759.95	\$3,099,594.39
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31530 - Accssry Elect Equip-Oil/Gas	05/2020	\$4,671,832.42	\$2,965,631.07	\$1,706,201.35
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31630 - Misc Pwr Plt Equip-Oil/Gas	05/2020	\$2,053,745.20	\$1,800,057.83	\$253,687.37
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas	05/2020	\$1,350,801.30	\$490,484.77	\$860,316.53
				\$62,876,813.22	\$51,412,912.38	\$11,463,900.84
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31030 - Land - Oil/Gas	05/2020	\$24,026.38	\$0.00	\$24,026.38
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31130 - Struct, Improvemnts-Oil/Gas	05/2020	\$5,407,423.32	\$3,865,337.74	\$1,542,085.58
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	05/2020	\$19,394,534.26	\$17,267,210.46	\$2,127,323.80
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31430 - Turbogenator Units-Oil/Gas	05/2020	\$10,770,200.95	\$10,187,336.85	\$582,864.10
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31530 - Accssry Elect Equip-Oil/Gas	05/2020	\$3,471,047.38	\$2,420,941.60	\$1,050,105.78
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31630 - Misc Pwr Plt Equip-Oil/Gas	05/2020	\$2,320,379.96	\$1,966,907.15	\$353,472.81
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas	05/2020	\$1,222,592.12	\$906,158.22	\$316,433.90
				\$42,610,204.37	\$36,613,892.02	\$5,996,312.35

Company	Plant	Utility Account	Month Number	FERC Act Code	Work Order	Activity Cost
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	202005	Retirement	E10141358	(\$1,418,917.00)
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	202005	Retirement	E10141367	(\$1,337,149.92)
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31430 - Turbogenator Units-Oil/Gas	202005	Retirement	E10141358	(\$1,286,941.05)
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31430 - Turbogenator Units-Oil/Gas	202005	Retirement	E10141367	(\$1,197,488.84)
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas	202005	Retirement	E10141358	(\$968,072.03)
Southwestern Electric Pwr - Gen	Knox Lee Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas	202005	Retirement	E10141367	(\$975,980.79)
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	202005	Retirement	E10141217	(\$609,654.39)
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31430 - Turbogenator Units-Oil/Gas	202005	Retirement	E10141217	(\$988,413.11)
Southwestern Electric Pwr - Gen	Lieberman Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas	202005	Retirement	E10141217	(\$40,752.12)

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-66:

Are there any amounts in SWEPCO's requested invested capital or revenue requirement related to the Knox Lee, Lieberman, or Lone Star plants? If so, please identify the amounts by schedule number and line number.

Response No. Staff 5-66:

Yes. The net book value for the requested plants is a component of Net Electric Plant In Service provided on Schedule B-1, line 3. See Staff 5-66 Attachment 1 for the net book values of the requested plants as of March 31, 2020. These values have not been adjusted to reflect PUCT approved depreciation rates or jurisdictional AFUDC rates which are not maintained at the plant level. Additionally, O&M data by plant is provided on schedule H-1.2. Because most O&M adjustments are not made at the plant level, these O&M amounts do not reflect any O&M adjustments made in the case. As discussed in the Direct Testimony of Mike Baird, page 24, lines 17 - 20, SWEPCO did reduce O&M related to the units retired at these plants. Generation expenses not directly incurred by plant have been allocated on the basis of direct amounts incurred by FERC account.

Prepared By: Randall W. Hamlett

Title: Dir Regulatory Acctg Svcs

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

major_location	utility_account	month	book_cost	allocated_reserve	net_book_value
Knox Lee Generating Plant	31030 - Land - Oil/Gas	03/2020	\$102,781.04	\$0.00	\$102,781.04
Knox Lee Generating Plant	31130 - Struct, Improvemnts-Oil/Gas	03/2020	\$9,077,082.69	\$7,978,706.61	\$1,098,376.08
Knox Lee Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	03/2020	\$865,046.63	\$1,125,586.60	(\$260,539.97)
Knox Lee Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	03/2020	\$31,908,236.52	\$27,100,064.70	\$4,808,171.82
Knox Lee Generating Plant	31430 - Turbogenator Units-Oil/Gas	03/2020	\$18,087,784.23	\$14,904,986.06	\$3,182,798.17
Knox Lee Generating Plant	31530 - Accssry Elect Equip-Oil/Gas	03/2020	\$4,671,832.42	\$2,940,091.71	\$1,731,740.71
Knox Lee Generating Plant	31630 - Misc Pwr Plt Equip-Oil/Gas	03/2020	\$2,053,745.20	\$1,786,104.62	\$267,640.58
Knox Lee Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas	03/2020	\$3,294,854.12	\$622,054.25	\$2,672,799.87
			\$70,061,362.85	\$56,457,594.55	\$13,603,768.30
Lieberman Generating Plant	31030 - Land - Oil/Gas	03/2020	\$24,026.38	\$0.00	\$24,026.38
Lieberman Generating Plant	31130 - Struct, Improvemnts-Oil/Gas	03/2020	\$5,407,423.32	\$3,839,832.72	\$1,567,590.60
Lieberman Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	03/2020	\$20,004,081.09	\$17,796,004.25	\$2,208,076.84
Lieberman Generating Plant	31430 - Turbogenator Units-Oil/Gas	03/2020	\$11,758,614.06	\$11,113,821.27	\$644,792.79
Lieberman Generating Plant	31530 - Accssry Elect Equip-Oil/Gas	03/2020	\$3,471,047.38	\$2,395,140.14	\$1,075,907.24
Lieberman Generating Plant	31630 - Misc Pwr Plt Equip-Oil/Gas	03/2020	\$2,320,379.96	\$1,939,178.61	\$381,201.35
Lieberman Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas	03/2020	\$1,263,344.24	\$933,738.09	\$329,606.15
			\$44,248,916.43	\$38,017,715.08	\$6,231,201.35
Lone Star Generating Plant	31030 - Land - Oil/Gas	03/2020	\$58,486.72	\$0.00	\$58,486.72
Lone Star Generating Plant	31130 - Struct, Improvemnts-Oil/Gas	03/2020	\$934,757.43	\$934,038.74	\$718.69
Lone Star Generating Plant	31230 - Boiler Plant Equip-Oil/Gas	03/2020	\$4,155,251.25	\$3,531,162.94	\$624,088.31
Lone Star Generating Plant	31430 - Turbogenator Units-Oil/Gas	03/2020	\$2,586,137.30	\$2,491,921.57	\$94,215.73
Lone Star Generating Plant	31530 - Accssry Elect Equip-Oil/Gas	03/2020	\$879,416.72	\$648,665.43	\$230,751.29
Lone Star Generating Plant	31630 - Misc Pwr Plt Equip-Oil/Gas	03/2020	\$201,388.92	\$142,309.74	\$59,079.18
Lone Star Generating Plant	31730 - ARO Steam Prod Plnt Oil/Gas	03/2020	\$123,591.52	\$123,591.52	\$0.00
			\$8,939,029.86	\$7,871,689.94	\$1,067,339.92

4 units
Unit 4 - 1/19
Unit 2 - 5/20
Unit 3 - 5/20
Unit 5 - still in service

3 units
Unit 2 - 5/20
Unit 3 - still in service

3 = 2,071,067

all
reduced
1,067,339.92

15,294,224

13,347,233

SOUTHWESTERN ELECTRIC POWER COMPANY
SPP Fees and Expense
For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Schedule A Reference	(3) Workpaper Reference	(4) Acct Reference	(5) Exp Amt As Adjusted	(6) TY Amt Per Books	(7) Total Adjustment
1	Oper Supervision & Engineering	Sch A, ln 4	WP/A-3.7	5000	(36,889)	-	(36,889)
2	Oper Super & Eng-RATA-Affil	Sch A, ln 4	WP/A-3.7	5000	(8,197)	-	(8,197)
3	Steam Expenses	Sch A, ln 4	WP/A-3.7	5020	(127,644)	-	(127,644)
4	Electric Expenses	Sch A, ln 4	WP/A-3.7	5050	(112,471)	-	(112,471)
5	Misc Steam Power Expenses	Sch A, ln 4	WP/A-3.7	5060	(21,000)	-	(21,000)
6	Maint Supv & Engineering	Sch A, ln 4	WP/A-3.7	5100	(74,032)	-	(74,032)
7	Maintenance of Structures	Sch A, ln 4	WP/A-3.7	5110	(29,747)	-	(29,747)
8	Maintenance of Boiler Plant	Sch A, ln 4	WP/A-3.7	5120	(151,667)	-	(151,667)
9	Maintenance of Electric Plant	Sch A, ln 4	WP/A-3.7	5130	(23,423)	-	(23,423)
10	Maintenance of Misc Steam Plt	Sch A, ln 4	WP/A-3.7	5140	(12,621)	-	(12,621)
11	Hydraulic Expenses	Sch A, ln 4	WP/A-3.7	5370	(469)	-	(469)
12	Oper Supervision & Engineering	Sch A, ln 4	WP/A-3.7	5460	(49)	-	(49)
13	Oper Supervision & Engineering	Sch A, ln 4	WP/A-3.7	5600	(11,343)	-	(11,343)
14	Administrative & Gen Salaries	Sch A, ln 4	WP/A-3.7	9200	(1,483)	-	(1,483)
15	Off Supl & Exp - Nonassociated	Sch A, ln 4	WP/A-3.7	9210	(386)	-	(386)
16	Misc General Expenses	Sch A, ln 4	WP/A-3.7	9302	(4,895)	-	(4,895)
17	Total				(616,316)	0	(616,316)

Expense = increase / (decrease)

PURPOSE

Remove O&M Costs associated with retired units for Knox Lee, Lone Star and Lieberman power plants. This adjustment is discussed in the testimony of Mr. Monte McMahon and Mr. Michael Baird.

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S NINTH SET OF REQUESTS FOR
INFORMATION**

Question No. CARD 9-1:

Reference SWEPCO's response to CARD 1-15, please provide workpapers supporting the proposed adjustments to Test Year non-fuel O&M, rate base, depreciation, taxes and other associated revenue requirements for the referenced retirements at the Knox Lee, Lone Star and Lieberman plants.

Response No. CARD 9-1:

Please refer to WP A-3.7 for the workpaper supporting the proposed adjustment to Test Year non-fuel O&M. Information was derived from general ledger detail as shown in the "Data" tab of WP A-3.7. There were no plant level adjustments to rate base, depreciation or taxes for the retirements at Knox Lee, Lone Star and Lieberman plants.

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

The Appropriate Ratemaking Treatment for the Retirement of Welsh Unit 2

65. SWEPCO retired Welsh unit 2 in April of 2016.
66. Welsh unit 2 no longer generates electricity and is not used by and useful to SWEPCO in providing electric service to the public.
67. Under the FERC uniform system of accounts, the appropriate accounting treatment for the retirement is to credit plant in service with the original cost of Welsh unit 2 and debit accumulated depreciation with the same amount. This would leave a debit balance in accumulated depreciation equal to the undepreciated balance of Welsh unit 2.
68. Because Welsh unit 2 is no longer used and useful, SWEPCO may not include its investment associated with the plant in its rate base, and may not earn a return on that remaining investment.
69. Allowing SWEPCO a return of, but not on, its remaining investment in Welsh unit 2 balances the interests of ratepayers and shareholders with respect to a plant that no longer provides service.
70. It is reasonable for SWEPCO to recover the remaining undepreciated balance of Welsh unit 2 over the 24-year remaining lives of Welsh units 1 and 3.
71. The appropriate accounting treatment that results in the appropriate ratemaking treatment is to record the undepreciated balance of Welsh unit 2 in a regulatory-asset account.

Turk Power Plant Cost Cap

72. When certifying the construction of the Turk power plant, the Commission established a construction cost cap of \$1.522 billion (total plant) that was based on SWEPCO's estimate of the cost to construct the Turk plant. *Application of Southwestern Electric Power Company for a Certificate of Convenience and Necessity Authorization for a Coal Fired Power Plant in Arkansas*, Docket No. 33891 (Aug. 12, 2008).
73. Allowance for funds used during construction (AFUDC) comprises the financing costs associated with cash outlays for the construction of an asset such as the Turk plant. The Commission construed the cost cap and determined that it did not include AFUDC, and that SWEPCO's share of the cap is \$1.116 billion on a total company basis. In *Application*

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION

Question No. Staff 5-9:

Provide the test year amount of property taxes incurred or paid by SWEPCO on the Knox Lee, Lone Star, Lieberman, and Dolet Hills plants.

Response No. Staff 5-9:

Property taxes on the listed plants are not directly assigned to them, but can be allocated to them. For the test year, property taxes incurred or paid by SWEPCO on the plants requested are as follows:

- Knox Lee: \$443,600
- Lone Star: \$54,000
- Lieberman: \$505,300
- Dolet Hills: \$2,835,700

Prepared By: Thomas F. Johnson

Title: Property Taxes Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

STAFF RECOVERY OF DOLET HILLS - to be retired no later than 12/31/2021

STAFF RECOMMENDED ANNUAL RECOVERY (Per year for 4 years):

1.	Return & FIT	1,865,403
2.	Depreciation Expense	1,625,489
3.	Amortization	3,944,326
4.	O&M	3,174,560
5.	Oxbow Return	254,737
6.	Property Taxes	708,925
7.	Revenue Related Taxes	-
		<u>11,573,440</u>

Calculations.

	Gross Plant in Service at 3/31/2020	339,874,755	OPUC 9-1
	Accumulated Depreciation at 3/31/2020	(227,615,789)	OPUC 9-2
	Dolet Hills GAAP Depreciation	9,125,930	Sch A-4
	Net Book Value at 3/31/2020	<u>121,384,896</u>	
	Rate of return	6.62%	Staff recommended rate of return
	Annual Return	8,035,680	
	FIT	1,469,558	Using Staff recommended ROE& cap structure
	Monthly Return & FIT (1/12th)	792,103	
	Number of months 3/18/2021 through 12/31/2021 retirement	9.42	
	Remaining Return and FIT to be recovered (9.42 months)	7,461,612	
	Period to recover (per SWEPCO 4 years between rate cases)	<u>4</u>	
1.	Annual recovery of remaining Dolet Hills Return & FIT	1,865,403	
	Gross Plant in Service at 3/31/2020	339,874,755	From Above
	Annual Depreciation Rate (from 46449)	2.44%	Dkt 46449
	Annual Depreciation Expense	8,282,748	
	Monthly Expense (1/12th)	690,229	
	Number of months 3/18/2021 through 12/31/2021 retirement	9.42	
	Remaining Depreciation Exp. to be recovered (9.42 months)	6,501,957	
	Period to recover (per SWEPCO 4 years between rate cases)	<u>4</u>	
2.	Annual recovery of remaining Dolet Hills Depreciation Exp.	1,625,489	
	Net Book Value at 3/31/2020	121,384,896	
	Depreciation Expense 3/18/2021 through 12/31/2021	<u>6,501,957</u>	
	Net Book Value at 12/31/2021	114,882,939	
	CWIP per W/P Schedule B-1.5.17	4,053,667	Would not have been included in rate base or depr.
	Remaining Balance to be recovered	118,935,606	Regulatory Asset with no return (46449 method)
	Remaining Life Dkt 46449 at 12/31/2015 (Exh DAD -2 pge 18)	30.5	Recovery period from Dkt 46449
	Time period 12/31/2015 through 12/31/2021	<u>6</u>	
	Amortization period	24.5	Remaining recovery period from Dkt 46449
	Annual Amortization	4,854,555	
	Amortization period rates are in effect (1/1/22-3/31/25)	<u>3.25</u>	
	Total amortization for period rates are in effect	15,777,305	
3.	Amortization Included in Rates	3,944,326	1/4 to be Included in rates
	Test Year O&M Expense (Schedule H-1.2c(Dolet Hills))	12,466,942	
	Dolet Hills Fuel Acct 501 not Incl. Sch H-1.2c (Staff 9-8)	1,847,918	
	Equity Return OHLC Acct 501 (Staff 5-61)	1,418,666	
	Insurance Expense (Staff 5-57)	<u>442,574</u>	
	Total O&M Expenses	16,176,100	
	Monthly Expense (1/12th)	1,348,008	
	Number of months 3/18/2021 through 12/31/2021 retirement	9.42	
	Remaining O&M Expense to be recovered (9.42 months)	12,698,239	
	Period to recover (per SWEPCO 4 years between rate cases)	<u>4</u>	
4.	Annual recovery of remaining Dolet Hills O&M	3,174,560	Recover remaining O&M over time until next rate case
	Oxbow Mine Investment Included in Rate Base	16,576,181	
	Rate of return	6.62%	Staff recommended rate of return
	Annual Return	1,097,343	
	FIT	200,681	Using Staff recommended ROE& cap structure
	Monthly Return & FIT (1/12th)	108,169	
	Number of months 3/18/2021 through 12/31/2021 retirement	9.42	
	Remaining Return and FIT to be recovered (9.42 months)	1,018,949	
	Period to recover (per SWEPCO 4 years between rate cases)	<u>4</u>	
5.	Annual recovery Oxbow Mine return	254,737	Recover over time until next rate case
	Test Year Dolet Hills Property Taxes (Staff 5-9)	2,835,700	
	Period to recover (per SWEPCO 4 years between rate cases)	<u>4</u>	
6.	Annual recovery of remaining Dolet Hills Property Taxes	708,925	Recover full year over remaining time until next rate case because assessment based on 1/1/2021 use of property
7.	Revenue related taxes to be calculated by model	-	To be determined by revenue requirement model

STAFF DOLET HILLS ADJUSTMENTS

FERC	Description	Sch H-1.2c Total	Staff 9-8 Fuel	Staff 5-61 DHL Equity	Staff 5-57 Insurance	SWEPCO TOTAL	Staff Adjustment O&M
<u>Steam Power Generation - Operation</u>							
5000	Oper Supervision & Engineering	1,000,513				1,000,513	(1,000,513)
5010	Fuel		1,847,918	1,418,666		3,266,584	(3,266,584)
5020	Steam Expenses	1,357,844				1,357,844	(1,357,844)
5050	Electric Expenses	483,234				483,234	(483,234)
5060	Misc Steam Power Expenses	3,807,766				3,807,766	(3,807,766)
5070	Rents	634				634	(634)
5090	Allowance Consumption SO2	-				-	-
<u>Steam Power Generation - Maintenance</u>							
5100	Maint Supv & Engineering	394,249				394,249	(394,249)
5110	Maintenance of Structures	200,177				200,177	(200,177)
5120	Maintenance of Boiler Plant	3,947,061				3,947,061	(3,947,061)
5130	Maintenance of Electric Plant	174,758				174,758	(174,758)
5140	Maintenance of Misc Steam Plt	1,100,713				1,100,713	(1,100,713)
<u>Other Power Generation - Operation</u>							
5460	Oper Supervision & Engineering	-					
5480	Generation Expenses	(3)				(3)	3
5490	Misc Other Pwr Generation Exp	3				3	(3)
<u>Other Power Generation - Maintenance</u>							
5510	Maint Supv & Engineering	(1)				(1)	1
5520	Maintenance of Structures	-				-	-
5530	Maintenance of Generating Plt	(7)				(7)	7
5540	Maint of Misc Oth Pwr Generation	-				-	-
<u>Other Power Supply Expenses - Operation</u>							
5560	Sys Control & Load Dispatching	-					
5570	Other Expenses	-					
9240	Property Insurance				442,574	442,574	(442,574)
Total O&M		12,466,942	1,847,918	1,418,666	442,574	16,176,100	(16,176,100)

	OPUC 9-1	SWEPCO Adjustment	NBV After SWEPCO Adj	Staff Adj to Remove Dolet Hills from RB
<u>Test year end Dolet Hills gross plant in service</u>				
310 Land and Land Rights	1,510,615		1,510,615	(1,510,615)
311 Structures and Improvements	57,023,545		57,023,545	(57,023,545)
312 Boiler Plant Equipment	211,135,254		211,135,254	(211,135,254)
314 Turbogenerator Units	39,735,805		39,735,805	(39,735,805)
315 Accessory Electric Equipment	12,572,796		12,572,796	(12,572,796)
316 Misc Power Plant Equipment	16,666,082		16,666,082	(16,666,082)
317 ARO Steam Production Plant-Ash Pond	1,257,350		1,257,350	(1,257,350)
317 ARO Steam Prod. Plant & Lignite Mine	(26,693)		(26,693)	26,693
Gross Plant Balances Including Account 310	339,874,755		339,874,755	(339,874,755)
<u>Test year end Dolet Hills accumulated depreciation</u>				
31000 - Land - Coal Fired	-			
31100 - Structures, Improvemnt-Coal	(50,009,996)	(4,294,997)	(54,304,993)	54,304,993
31200 - Boiler Plant Equip-Coal	(122,971,477)	(67,506,409)	(190,477,886)	190,477,886
31400 - Turbogenerator Units-Coal	(31,520,737)	(5,650,969)	(37,171,706)	37,171,706
31500 - Accessory Elect Equip-Coal	(9,951,770)	(1,797,338)	(11,749,108)	11,749,108
31600 - Misc Pwr Plant Equip-Coal	(12,751,800)	(2,719,679)	(15,471,479)	15,471,479
31700 - ARO Steam Production Plant	(410,008)	(354,402)	(764,410)	764,410
31700 - ARO Steam Production Plant		12,381	12,381	(12,381)
10800 Dolet Hills GAAP Depreciation	9,125,930		9,125,930	(9,125,930)
Accumulated Depreciation	(218,489,858)	(82,311,413)	(300,801,271)	300,801,271
Net Book Value	121,384,897	(82,311,413)	39,073,484	(39,073,484)

Remove Oxbow Mine from Rate Base	16,576,181	(16,576,181)
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Dolet Hills Depreciation Expense Requested	W/P Sch B-1.5.17	Staff Depr. Adj.
31000 - Land - Coal Fired		
31100 - Structures, Improvemnt-Coal	528,106	(528,106)
31200 - Boiler Plant Equip-Coal	8,300,477	(8,300,477)
31400 - Turbogenerator Units-Coal	694,834	(694,834)
31500 - Accessory Elect Equip-Coal	220,998	(220,998)
31600 - Misc Pwr Plant Equip-Coal	334,407	(334,407)
31700 - ARO Steam Production Plant	43,577	(43,577)
31700 - ARO Steam Production Plant	(1,522)	1,522
	<u>10,120,877</u>	<u>(10,120,877)</u>

Southwestern Electric Power Company
Dolet Hills Recommendation

Description	Utility Account	Month	Gross Plant	Accum. Depr	Allocated CWIP	Gross Plant + Allocated CWIP	Depreciation Rates	Depreciation	Total Company Net Book	Texas	Total Company Depreciation	Texas
								July 2020 - Mar-21		Net Book		Depreciation
Dolet Hills Generating Plant 31100 - Structures, Improvemnt-Coal	06/2020	57,127,514	51,956,353	866,515	57,814,028	2.00%	867,210	4,293,945	1,586,330	528,106	195,100.28	
Dolet Hills Generating Plant 31200 - Boiler Plant Equip-Coal	06/2020	#####	139,942,797	2,538,234	213,754,378	2.36%	3,783,452	67,489,895	24,933,071	8,300,477	3,066,479.62	
Dolet Hills Generating Plant 31400 - Turbogenerator Units-Coal	06/2020	39,735,805	33,443,811	477,515	40,213,320	2.13%	642,408	5,649,585	2,087,150	694,834	256,695.35	
Dolet Hills Generating Plant 31500 - Accessory Elect Equip-Coal	06/2020	12,575,554	10,578,211	151,123	12,728,678	2.10%	208,445	1,796,898	663,836	220,998	81,644.10	
Dolet Hills Generating Plant 31600 - Misc Pwr Plant Equip-Coal	06/2020	16,868,082	13,644,739	200,280	16,866,362	2.39%	302,330	2,719,013	1,004,496	334,407	123,541.45	
Dolet Hills Generating Plant 31700 - ARO Steam Production Plant	06/2020	1,257,350	548,720	-	1,257,350	37.57%	354,315	354,315	130,896	43,577	16,098.71	
Dolet Hills Generating Plant 31700 - ARO Steam Production Plant	06/2020	(26,893)	(1,937)	-	(26,893)	61.83%	(12,378)	(12,378)	(4,573)	(1,522)	(562.41)	
#####			250,122,699	4,053,667	342,605,425			82,291,276	30,401,206	10,120,876	3,738,997	
CWIP				4,053,667								
Account 1050161									29,763,258	10,995,583		
Demo Estimate									10,740,383	3,967,864		
Total Dolet NBV									122,794,917	45,364,633		
ADIT Off-Set									(82,311,412)	(30,408,645)		
Remaining Value									40,483,505	14,955,988		
4 Year Amortization									10,120,876	3,738,997		

Plant Adjustment- To A/D

Total Company			
Net Book	%	Adj	
4,293,945.80	5.2180%	(4,294,996.51)	31100 - Structures, Improvemnt-Coal
67,489,894.60	82.0134%	(67,506,409.05)	31200 - Boiler Plant Equip-Coal
5,649,586.48	6.8654%	(5,650,968.91)	31400 - Turbogenerator Units-Coal
1,796,898.18	2.1836%	(1,797,337.87)	31500 - Accessory Elect Equip-Coal
2,719,013.48	3.3041%	(2,719,678.81)	31600 - Misc Pwr Plant Equip-Coal
354,315.11	0.4306%	(354,401.81)	31700 - ARO Steam Production Plant
(12,378.00)	-0.0150%	12,381.02	31700 - ARO Steam Production Plant
<u>82,291,275.66</u>		<u>(82,311,411.93)</u>	
		To D-1	

Deprec Exp Adjustment

Total Company			
Net Book	%	Adj	
4,293,945.80	5.22%	528,105.72	31100 - Structures, Improvemnt-Coal
67,489,894.60	82.01%	8,300,477.31	31200 - Boiler Plant Equip-Coal
5,649,586.48	6.87%	694,833.87	31400 - Turbogenerator Units-Coal
1,796,898.18	2.18%	220,997.72	31500 - Accessory Elect Equip-Coal
2,719,013.48	3.30%	334,407.25	31600 - Misc Pwr Plant Equip-Coal
354,315.11	0.43%	43,576.67	31700 - ARO Steam Production Plant
(12,378.00)	-0.02%	(1,522.35)	31700 - ARO Steam Production Plant
<u>82,291,275.66</u>		<u>10,120,876.18</u>	
		To D-4	

Southwestern Electric Power Company
Dolet Hills Recommendation

Description	Utility Account	Month	Gross Plant	Accum. Depr.	Allocated CWIP	Gross Plant + Allocated CWIP	Depreciation Rates	Depreciation	Total Company Net Book	Texas Net Book	Total Company Depreciation	Texas Net Book
								July 2020 - Mar-21				
Dolet Hills Generating Plant	31100 - Structures, Improvemnt-Coal	06/2020	57,127,514	51,966,358	686,515	57,814,029	2.00%	887,210	4,293,946	1,586,330	528,106	195,100.28
Dolet Hills Generating Plant	31200 - Boiler Plant Equip-Coal	06/2020	211,216,144	139,942,797	2,538,234	213,754,378	2.36%	3,783,452	67,489,895	24,933,071	8,300,477	3,066,479.62
Dolet Hills Generating Plant	31400 - Turbogenerator Units-Coal	06/2020	39,735,805	33,443,811	477,515	40,213,320	2.13%	642,409	5,649,586	2,087,150	694,834	256,695.35
Dolet Hills Generating Plant	31500 - Accessory Elect Equip-Coal	06/2020	12,575,554	10,578,211	151,123	12,726,878	2.10%	200,445	1,796,898	663,836	220,998	81,644.10
Dolet Hills Generating Plant	31600 - Misc Pwr Plant Equip-Coal	06/2020	16,666,082	13,644,739	200,280	16,866,362	2.39%	302,330	2,719,013	1,004,496	334,407	123,541.45
Dolet Hills Generating Plant	31700 - ARO Steam Production Plant	06/2020	1,257,350	548,720	-	1,257,350	37.57%	354,315	354,315	130,896	43,577	16,098.71
Dolet Hills Generating Plant	31700 - ARO Steam Production Plant	06/2020	(26,693)	(1,937)	-	(26,693)	61.83%	(12,378)	(12,378)	(4,573)	(1,522)	(562.41)
			338,551,758	250,122,699	4,053,667	342,605,425			82,291,276	30,401,206	10,120,876	3,738,997
				CWIP	4,053,667							

Account 1080161	29,763,258	10,995,563
Demo Estimate	10,740,383	3,967,864
Total Dolet NSV	122,794,917	45,364,633
ADIT Off-Set	(82,311,412)	(30,408,645)
Remaining Value	40,483,505	14,955,988
4 Year Amortization	10,120,876	3,738,997

Plant Adjustment- To A/D

Total Company Net Book	%	Adj	
4,293,945.80	5.2180%	(4,294,996.51)	31100 - Structures, Improvemnt-Coal
67,489,894.60	82.0134%	(67,506,409.05)	31200 - Boiler Plant Equip-Coal
5,649,586.48	6.8654%	(5,650,969.91)	31400 - Turbogenerator Units-Coal
1,796,898.18	2.1836%	(1,797,337.87)	31500 - Accessory Elect Equip-Coal
2,719,013.48	3.3041%	(2,719,678.81)	31600 - Misc Pwr Plant Equip-Coal
354,315.11	0.4306%	(354,401.81)	31700 - ARO Steam Production Plant
(12,378.00)	-0.0150%	12,381.03	31700 - ARO Steam Production Plant
82,291,275.66		(82,311,411.93)	
		To D-1	

Deprec Exp Adjustment

Total Company Net Book	%	Adj	
4,293,945.80	5.22%	528,105.72	31100 - Structures, Improvemnt-Coal
67,489,894.60	82.01%	8,300,477.31	31200 - Boiler Plant Equip-Coal
5,649,586.48	6.87%	694,833.87	31400 - Turbogenerator Units-Coal
1,796,898.18	2.18%	220,997.72	31500 - Accessory Elect Equip-Coal
2,719,013.48	3.30%	334,407.25	31600 - Misc Pwr Plant Equip-Coal
354,315.11	0.43%	43,576.67	31700 - ARO Steam Production Plant
(12,378.00)	-0.02%	(1,522.35)	31700 - ARO Steam Production Plant
82,291,275.66		10,120,876.18	
		To D-4	

Plant

A/D

opuc 9-2

opuc
9-1

339,874,755

227,615,789

82,311,412

net = 29,947,554

309,927,201

Staff Adj to Remove DH from rate base

decrease Plant (339,874,755)

increase A/D 309,927,201

decrease to 29,947,554
rate base

Pg 134

SOUTHWESTERN ELECTRIC POWER COMPANY
Dolet ADIT Off-Set
For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Schedule B Reference	(3) Workpaper Reference	(4) Acct Reference	(5) Asset Amt As Adjusted	(6) TY Amt Per Books	(7) Total Adjustment
1	Dolet ADIT Off-Set	B-1, ln 2	WP/B-1.5.17	1080	\$ (4,294,997)		\$ (4,294,997)
2		B-1, ln 2	WP/B-1.5.17	1080	(67,506,409)		(67,506,409)
3		B-1, ln 2	WP/B-1.5.17	1080	(5,650,969)		(5,650,969)
4		B-1, ln 2	WP/B-1.5.17	1080	(1,797,338)		(1,797,338)
5		B-1, ln 2	WP/B-1.5.17	1080	(2,719,679)		(2,719,679)
6		B-1, ln 2	WP/B-1.5.17	1080	(354,402)		(354,402)
7		B-1, ln 2	WP/B-1.5.17	1080	12,381		12,381
							-
8	Total				\$ (82,311,412)	\$ -	\$ (82,311,412)

Justification for requested adjustment:

To reduce rate base for the net book value of the Dolet Hills power plant as discussed in the testimony of Mr. Michael Baird

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S NINTH REQUEST FOR INFORMATION**

Question No. OPUC 9-1:

Please refer to Schedule D-4, sponsored by Mr. Jason Cash and Exhibit MAB-4, sponsored by Mr. Michael Baird.

- a. Please provide the gross plant in service, by FERC account related to Dolet Hills, that was included in the per books plant in service balance as of the end of the test year.
- b. Please reconcile this amount with the gross plant in service balance shown on Exhibit MAB-4.

Response No. OPUC 9-1:

- a. & b. The amounts shown in Schedule D-4 are the gross plant balances for Dolet Hills at the end of the test year. Schedule D-4 shows the gross plant balances by FERC account, including an amount for \$1,510,615 that is included in Land (Account 310). Exhibit MAB-4 shows gross plant in service at 6/30/2020 and does not include an amount for land in the balance. Please see OPUC 9-1 Attachment 1.xlsx for a reconciliation between Schedule D-4 and MAB-4.

Prepared By: Jason A. Cash

Title: Accounting Sr Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Jason A. Cash

Title: Accounting Sr Mgr

Southwestern Electric Power Company
Reconciliation of Dolet Hill Gross Plant Balance
Schedule D-4 to Exhibit MAB-4

SOAH Docket No. 473-21-0538
PUC Docket No. 51415
OPUC's 9th RFI, Q. # OPUC 9-1
Attachment 1
Page 1 of 1

Account	Descr	<u>Schedule D-4</u> 3/31/2020	<u>Exhibit MAB-4</u> 6/30/2020
310	Land and Land Rights	\$1,510,614.56	
311	Structures and Improvements	\$57,023,545.35	\$57,127,514.45
312	Boiler Plant Equipment	\$211,135,254.27	\$211,216,144.27
314	Turbogenerator Units	\$39,735,805.44	\$39,735,805.44
315	Accessory Electric Equipment	\$12,572,795.92	\$12,575,554.22
316	Misc Power Plant Equipment	\$16,666,081.70	\$16,666,081.70
317	ARO Steam Production Plant-Ash Pond	\$1,257,350.43	\$1,257,350.43
317	ARO Steam Prod. Plant & Lignite Mine	(\$26,692.91)	(\$26,692.91)
Amounts Shown on Schedule D-4 and Exhibit MAB-4		\$339,874,754.76	\$338,551,757.60
Include Account 310 to Exhibit MAB-4			\$1,510,614.56
Gross Plant Balances Including Account 310		\$339,874,754.76	\$340,062,372.16

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S NINTH REQUEST FOR INFORMATION**

Question No. OPUC 9-2:

Please refer to Schedule B-1 and Exhibit MAB-4, both sponsored by Mr. Michael Baird.

- a. Please provide the accumulated depreciation and amortization balance related to Dolet Hills that was included in the per books accumulated depreciation balance as of the end of the test year.
- b. Please provide the amount included in the proforma adjustment to accumulated depreciation that is related to Dolet Hills.
- c. Please reconcile these amounts with the accumulated depreciation shown on Exhibit MAB-4 for Dolet Hills.

Response No. OPUC 9-2:

- a. \$227,615,789
- b. The most significant proforma adjustment to accumulated depreciation adjusts the total company accumulated depreciation balances as if only Texas depreciation rates were applied. This jurisdictional accumulated depreciation adjustment on WP B-1.5.4 decreases Total Company Accumulated Depreciation \$224,168,819. This adjustment is calculated at the functional level and allocating this adjustment specifically to Dolet Hills Plant is not appropriate. No amount of this adjustment was considered on Exhibit MAB-4 as the revenue requirement impact associated with this adjustment is separately and fully considered in the depreciation study and rate base determination.
The proforma adjustment for Dolet ADIT Offset to increase Accumulated Depreciation \$82,311,412 on WP B-1.5.17 agrees with the amount on MAB-4. See the testimony of Mr. Thomas Brice and Mr. Michael Baird where this adjustment is discussed. Other proforma adjustments on Schedule B-1 to Accumulated Depreciation are not significant to Exhibit MAB-4.
- c. See b. above for discussion of proforma adjustments. See OPUC_9-2_Attachment_1.xlsx

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Southwestern Electric Power Company
Reconciliation of Dolet Hills Accumulated Depreciation Balance
Schedule B-1 to Exhibit MAB-4

Reconciliation Accum Depr Account 108 to MAB-4

Accumulated Prov for Depr Account 108 Dolet Hills as of 3/31/2020	227,615,789	(a)
Account 1080161 activity April to June 2020	20,637,328	per Staff 5-59 Attachment 1
Est. 3 months depr exp per MAB-4 per below	2,022,987	(b)
Unreconciled diff related to rough Depreciation estimate below	(153,404)	
Accumulated Prov for Depr Account 108 Dolet Hills per MAB-4 as of 6/30/2020	<u>250,122,699</u>	

(a) PowerPlant Report - Dolet Hills Accumulated Depreciation Acct 108 3/31/2020

31000 - Land - Coal Fired	-
31100 - Structures, Improvemnt-Coal	50,009,996
31200 - Boiler Plant Equip-Coal	122,971,477
31400 - Turbogenerator Units-Coal	31,520,737
31500 - Accessory Elect Equip-Coal	9,951,770
31600 - Misc Pwr Plant Equip-Coal	12,751,800
31700 - ARO Steam Production Plant	410,008
	<u>227,615,789</u>

(b) Estimated 3 months depr exp per MAB-4

	Gross Plant	Depr Rate	3 mos. Depr Est
31100 - Structures, Improvemnt-Coal	57,127,514	2.00%	285,638
31200 - Boiler Plant Equip-Coal	211,216,144	2.36%	1,246,175
31400 - Turbogenerator Units-Coal	39,735,805	2.13%	211,593
31500 - Accessory Elect Equip-Coal	12,575,554	2.10%	66,022
31600 - Misc Pwr Plant Equip-Coal	16,666,082	2.39%	99,580
31700 - ARO Steam Production Plant	1,257,350	37.57%	118,105
31700 - ARO Steam Production Plant	(26,693)	61.83%	(4,126)
	<u>338,551,758</u>		<u>2,022,987</u>

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-4:

Please refer to Exhibit MAB-4 to the testimony of Michael A. Baird and please provide the following:

- a) The source of the amounts in the column titled "AccumulatedDepr"
- b) The accumulated depreciation balance by account excluding the additional GAAP depreciation recorded by SWEPCO
- c) A reconciliation of the amounts reported in the column titled "Allocated CWIP" to Schedule C-4.1
- d) The source of the depreciation rates in the column titled "Depreciation Rates" and a reconciliation of the rates to the currenttest-year rates shown in column (5) of Schedule D-4
- e) The source and supporting documentation for the amount of \$10,740,383 labeled "Demo Estimate." Is such amount recorded on SWEPCO's books? If it was recorded at test-year end, pleaseprovide the account number on Schedule A-4 where it is recorded.

Response No. STAFF 9-4:

- a) The accumulated depreciation is calculated in the Company's fixed asset system which is PowerPlant.
- b) Please see Staff 9-4 Attachment 1 for the amounts of the additional depreciation required by GAAP, by FERC plant account.
- c) Schedule C-4.1 includes \$3.9 million of CWIP projects identified as Dolet Hills in the Major Location column. The remaining \$200,000 would be included in the projects less than \$500,000.
- d) The rates in the column titled "Depreciation Rates" are the depreciation rates input into the Company's—fixed asset system (PowerPlant), are input on a total company or composite basis to include the depreciation rates approved in other SWEPCO jurisdictions, and are used to record Total Company depreciation expense for book purposes. The depreciation rates approved in PUC Docket 46449 are included in the Total Company depreciation rates which are input to the Company's fixed asset system.
- e) Please refer to the direct testimony of Company witness Eiden which provide support for SWEPCO's total demolition estimate. Demolition costs are not specifically recorded on SWEPCO's books but the costs reflect an estimate of final demolition at the plant in addition to SWEPCO's net book value remaining for Dolet Hills.

Prepared By: Jason M. Yoder

Title: Dir Regulatory Acctg Svcs

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIFTH REQUEST FOR INFORMATION**

Question No. OPUC 5-7:

Please refer to the Direct Testimony of Mr. Michael Baird, page 23. Please provide a calculation of the amount by which the retirement of Dolet Hills and the proposal to recover the unrecovered undepreciated balance (after the TCJA refund offset) impacts the revenue requirement for Texas customers by customer class. Please provide the same analysis of the impact to the Texas revenue requirement by customer classes if the unrecovered undepreciated balance is not allowed to be recovered over four years, but continues to be recovered using the currently approved depreciation rates.

Response No. OPUC 5-7:

Please see OPUC 5-7 Attachment 1 for the requested revenue requirement by customer class for SWEPCO's proposed recovery of Dolet Hills over four years including supporting calculations. SWEPCO has not performed a calculation for recovery of Dolet Hills using the currently approved depreciation rates.

Prepared By: Earlyne T. Reynolds

Title: Reg Pricing & Analysis Mgr

Prepared By: Randall W. Hamlett

Title: Dir Regulatory Acctg Svcs

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

Sponsored By: John O. Aaron

Title: Dir Reg Pricing & Analysis

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Southwestern Electric Power Company
Dolet Hills Proposal Total Company Revenue Requirement

Description	Amount	Source
Remaining Net Book Value	40,483,505	MAB-4
WACC Grossed up for Taxes	8.5822%	Schedule K Calculation
Return Plus Income Taxes	3,474,389	Calculation
Property Taxes	2,835,700	TIEC 1-24
Gross Margin Tax		
Gross Operating Revenue	29,434,851	Total Revenue Requirement
Taxable Revenue Percent	70.0%	Statute
Taxable Revenue	20,604,396	Calculation
Taxable Margin Percent	0.750%	Statute
Gross Margin Tax	154,533	Calculation
Revenue Tax Factors	1.2992%	WP A-3.13
Revenue Taxes	382,411	Calculation
Depr/Amort Expense	10,120,876	MAB-4
O&M Expense	12,466,942	Sch H-2
Total Revenue Requirement	<u>29,434,851</u>	Calculation

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-57:

Does SWEPCO directly incur costs such as payroll, operations and maintenance, insurance, ad valorem and other taxes related to the operation of Dolet Hills or is the Company billed for such items by Cleco? Please provide a detailed discussion and explanation for how SWEPCO is billed and pays for its share of costs related to Dolet Hills and provide all test year amounts, adjustments to test year, and requested amounts by FERC account related to the Dolet Hills plant. The information should be presented separately by SWEPCO's directly incurred costs and those billed to SWEPCO by Cleco.

Response No. Staff 5-57:

SWEPCO does not directly incur O&M costs related to the operation of the Dolet Hills power plant. Those costs are billed by Cleco. The Dolet Hills Operating Agreement, provided in the response to CARD 1-2 (HIGHLY SENSITIVE Attachment 1) governs the billings from CLECO to SWEPCO and then the billings from SWEPCO to Northeast Texas Electric Cooperative, Inc. (NTEC) and Oklahoma Municipal Power Authority (OMPA). Basically, CLECO bills SWEPCO 50% of the O&M for Dolet Hills and then SWEPCO bills NTEC 5.86% and OMPA 3.906% for their ownership share. Thus, after all billings, SWEPCO's books reflect its ownership share (40.234%) of Dolet Hills O&M billed by CLECO. SWEPCO incurs its own ad valorem taxes for the Dolet Hills power plant. Please see the response to Staff 5-9 for the amount of property taxes associated with Dolet Hills. Total Dolet Hills O&M, including an allocation of SWEPCO production costs not directly incurred by the plant, is provided on Schedule H-1.2(c). Please see Staff 5-57 Attachment 1 for a break-out of the costs between those billed by Cleco, including property insurance, and the allocated other SWEPCO production costs.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Prepared By: Randall W. Hamlett

Title: Dir Regulatory Acctg Svcs

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

SOUTHWESTERN ELECTRIC POWER COMPANY
Dolet Hills Expense
For the Test Year Ending March 31, 2020

FERC	Description	Total Test Year Costs	Cleco billings	Allocation of Non-plant Specific Costs
<u>Steam Power Generation - Operation</u>				
5000	Oper Supervision & Engineering	1,000,513.28	582,587.11	417,926.17
5020	Steam Expenses	1,357,843.58	1,358,017.16	(173.58)
5050	Electric Expenses	483,234.10	483,380.20	(146.10)
5060	Misc Steam Power Expenses	3,807,765.88	3,714,591.69	93,174.20
5070	Rents	634.42		634.42
		6,649,991.25	6,138,576.15	511,415.11
<u>Steam Power Generation - Maintenance</u>				
5100	Maint Supv & Engineering	394,249.24	367,798.93	26,450.31
5110	Maintenance of Structures	200,177.01	199,917.59	259.42
5120	Maintenance of Boiler Plant	3,947,060.62	3,940,951.84	6,108.78
5130	Maintenance of Electric Plant	174,758.38	175,336.44	(578.06)
5140	Maintenance of Misc Steam Plt	1,100,713.22	1,099,916.85	796.37
		5,816,958.45	5,783,921.64	33,036.81
<u>Other Power Generation - Operation</u>				
5480	Generation Expenses	(3.02)		(3.02)
5490	Misc Other Pwer Generation Exp	3.38		3.38
		0.36	-	0.36
<u>Other Power Generation - Maintenance</u>				
5510	Maint Supv & Engineering	(1.07)		(1.07)
5530	Maintenance of Generating Plt	(7.15)		(7.15)
		(8.22)	-	(8.22)
Total Production O&M (excluding Fuel and Purchased Power)		12,466,941.85	11,922,497.79	544,444.07
9240	Property Insurance	442,574.00	442,574.00	-
Total Expense		12,909,515.85	12,365,071.79	544,444.07

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-7:

Refer to the response to Staff 5-55. Please provide separately the amount of the estimated \$180 million in potential fuel savings by year classified as reconcilable fuel and base rate fuel expenses.

Response No. STAFF 9-7:

The information provided in response to Staff 5-55 compares the overall SWEPCO revenue requirements developed from the output of the Plexos modeling. The Plexos model does not produce an output that enables the company to break down that revenue requirement into fuel components without performing additional analysis, which the company has not performed.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-8:

Please provide separately the amount of fuel expenses incurred for the Dolet Hills power plant included in reconcilable fuel expenses for the test year and the amount included in the requested base rate revenue requirement by FERC account.

Response No. STAFF 9-8:

The amount of fuel expenses incurred for the Dolet Hills power plant included in reconcilable fuel expenses for the test year was \$53,859,801 in FERC account 5010, and \$1,628,276 in FERC account 5020. The amount included in the requested base rate revenue requirement was \$1,847,918 in FERC account 5010, and \$1,358,017 in FERC account 5020.

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

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**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-9:

Refer to the response to Staff 5-62.

- a) What is the amount of equity SWEPCO has invested in Dolet Hill Lignite Company?
- b) Assuming Dolet Hills power plant closes as currently expected by 12/31/2021, when does SWEPCO anticipate it will receive its equity investment back?
- c) What are the estimated reclamation costs?
- d) What amount of the estimated reclamation costs have already been recovered from SWEPCO ratepayers through fuel expense or otherwise? Provide amounts by year.

Response No. STAFF 9-9:

- a) The amount of Shareholder's Equity (including Retained Earnings and Accumulated Comprehensive Income) on DHLC's books all related to SWEPCO as of March 31, 2020 was \$24,904,389.
- b) A significant portion of the equity is currently expected to be returned to SWEPCO before the end of 2023.
- c) The DHLC Asset Retirement Obligation recorded under GAAP as of March 31, 2020 was \$110,485,347.
- d) Under GAAP, AROs represent the estimated liability for costs of a legal obligation associated with retiring an asset. An example of this type of legal obligation would be the final mine reclamation costs for the Dolet Hills lignite mine. DHLC has recorded the present value of the estimated cost of the legal obligation associated with retiring the asset as a component of the cost of the asset itself when the asset is placed into service, also referred to as the ARO Asset, and recorded a corresponding credit to ARO liability. During the life of the asset, the DHLC adjusts the ARO Asset for increases and decreases in the estimated ARO liability. DHLC depreciates the ARO Asset, as adjusted, prospectively over the useful life of related asset. In addition, each accounting period, accretion expense is recorded and increases the ARO liability consistent with the present value concept applied to the original ARO liability. DHLC incurs these costs, both depreciation of the ARO Asset and accretion expense, and bills them to SWEPCO in accordance with the lignite mining agreement as a component of the cost of lignite delivered. Fuel expense is charged as the lignite is burned at the Dolet Hills Power Station. We cannot determine the component of lignite fuel inventory or fuel expense each year related to reclamation costs as those costs are blended in with all other costs to produce the lignite.

Prepared By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

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Title: VP Regulatory & Finance

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SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE
TO TEXAS INDUSTRIAL ENERGY CONSUMERS'
FIRST REQUEST FOR INFORMATION

Question No. TIEC 1-24:

Referring page 23:

- a. Please provide workpapers showing the adjustments to accumulated depreciation for the retirement of Dolet Hills Power Station.
- b. Please state the following test year expenses related to the Dolet Hills Power Station:
 - i. Operation and maintenance expenses by FERC account;
 - ii. Property taxes; and
 - iii. Insurance.

Response No. TIEC 1-24:

- a. Please see Schedule B-1.5.17 that shows the \$82,311,412 adjustment to accumulated depreciation for the retirement of Dolet Hills Power Station. This adjustment increases accumulated depreciation which decreases rate base and SWEPCO's cost of service. In addition, please see the Highly Sensitive electronic version of Exhibit MAB-4 provided in this response for additional detail.
- b.
 - i. Dolet Hills Power Station O&M is provided on Schedule H-1.2c (Dolet Hills).
 - ii. Property taxes during the test year for Dolet Hills Generating Plant were: \$2,835,700
 - iii. Insurance expense recorded to FERC account 9240 on the Dolet Hills Power Station department during the test year was \$442,574.

TIEC 1-24 Exhibit MAB-4.xls responsive to this request is HIGHLY SENSITIVE MATERIAL under the terms of the Protective Order. Due to current restrictions associated with COVID-19, this information is being provided electronically and a secure login to access the information will be provided upon request to individuals who have signed the Protective Order Certification.

Prepared By: Randall W. Hamlett
Sponsored By: Michael A. Baird

Title: Dir Regulatory Acctg Svcs
Title: Mng Dir Acctng Policy & Rsrch

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO EAST TEXAS
ELECTRIC COOPERATIVE, INC. AND NORTHEAST TEXAS ELECTRIC
COOPERATIVE, INC.'S FIRST REQUEST FOR INFORMATION**

Question No. ETEC-NTEC 1-16:

In reference to Baird Testimony at page 37, please demonstrate the computation of the \$1,418,466 for DHLC equity return and related taxes in SWEPCO's base rate revenue requirement. In addition, please discuss the reasonableness of this amount in the revenue requirement noting the closure of the DHLC mining operations.

Response No. ETEC-NTEC 1-16:

DHLC includes an equity return component and related taxes in its lignite bill which totaled \$1,418,466 for the test year ended March 31, 2021. DHLC calculates this equity return component in accordance with the Lignite Mining Agreement ("LMA") among DHLC and SWEPCO and CLECO. DHLC bases the calculation on the amount of book equity invested by SWEPCO into DHLC and utilizes an ROE rate as defined in the LMA. The amount in the revenue requirement is reasonable as it is based on SWEPCO's historical equity investment in DHLC during the test period as authorized in prior base rate cases in Texas. In future base rate cases, due to the closure of the DHLC mining operations, revenue requirements associated with this DHLC equity return component will decrease as SWEPCO receives a return of capital and dividends from DHLC.

Prepared By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

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Title: Mng Dir Acctng Policy & Rsrch

Table 2: SWEPCO's Existing Generating Assets

Plant	Unit	Output Net MW Capability	In- Service Year	Expected Useful Life	Primary Fuel	City	County/ Parish	State
Flint Creek	1	528*	1978	60	Coal	Gentry	Benton	AR
Turk	1	650	2012	55	Coal	Fulton	Hempstead	AR
Welsh	1	528	1977	60	Coal	Cason	Titus	TX
Welsh	3	528	1982	60	Coal	Cason	Titus	TX
Dolet Hills	1.	650**	1986	60	Lignite	Mansfield	DeSoto	LA
Pirkey	1	675***	1985	60	Lignite	Hallsville	Harrison	TX
Arsenal Hill	5	110	1960	65	Natural Gas	Shreveport	Caddo	LA
Knox Lee	2	30	1950	70	Natural Gas	Longview	Gregg	TX
Knox Lee	3	31	1952	68	Natural Gas	Longview	Gregg	TX
Knox Lee	4	79	1956	63	Natural Gas	Longview	Gregg	TX
Knox Lee	5	348	1974	65	Natural Gas	Longview	Gregg	TX
Lieberman	2	26	1949	70	Natural Gas	Mooringsport	Caddo	LA
Lieberman	3	109	1957	65	Natural Gas	Mooringsport	Caddo	LA
Lieberman	4	108	1959	65	Natural Gas	Mooringsport	Caddo	LA
Lone Star	1	50	1954	65	Natural Gas	Lone Star	Morris	TX
Wilkes	1	177	1964	65	Natural Gas	Avinger	Marion	TX
Wilkes	2	362	1970	65	Natural Gas	Avinger	Marion	TX
Wilkes	3	362	1971	65	Natural Gas	Avinger	Marion	TX
Mattison	1	76	2007	45	Natural Gas (Combustion Turbine)	Tontitown	Washington	AR
Mattison	2	76	2007	45	Natural Gas (Combustion Turbine)	Tontitown	Washington	AR
Mattison	3	76	2007	45	Natural Gas (Combustion Turbine)	Tontitown	Washington	AR
Mattison	4	76	2007	45	Natural Gas (Combustion Turbine)	Tontitown	Washington	AR
Stall	6A, 6B, 6S	511	2010	40	Natural Gas (Combined Cycle)	Shreveport	Caddo	LA

* SWEPCO's Share is 264 MW

** SWEPCO's Share is 262 MW

*** SWEPCO's Share is 580 MW

2 Q. WHAT CHALLENGES DOES SWEPCO FACE IN THE NEAR FUTURE WITH
3 RESPECT TO THE PERFORMANCE OF ITS GENERATION FLEET?

1 Q. ARE THERE ANY CHANGES IN EXPECTED GENERATING UNIT LIVES,
2 WHEN COMPARED TO YOUR PREVIOUS TESTIMONY, AS A RESULT OF
3 THAT PROCEEDING, OR OTHER FACTORS THAT HAVE OCCURRED SINCE
4 THAT TIME?

5 A. Yes. SWEPCO proposes to change the 65-year expected useful life of Knox Lee
6 Unit 4 used in Docket 40443. At this time SWEPCO plans to retire this unit in 2019,
7 based on a boiler condition assessment, resulting in a 63-year life for this generating
8 unit.

9 As previously described in this testimony, Lieberman Unit 1 and Welsh Unit 2
10 have been retired.

11 Aside from the changes described above, all plant lives remain unchanged
12 from the explicitly approved, or at least uncontested, planned useful lives of
13 SWEPCO's other generating units.

14 SWEPCO has adopted the expected generating unit lives for the Stall, Turk,
15 and Dolet Hills Plants that were Ordered by the Commission in Docket No. 40443
16 of 40, 55, and 60 years, respectively.

17 Q. DO EXPECTED UNIT LIVES REPRESENT A FIRM COMMITMENT AS TO
18 WHEN A UNIT WILL BE RETIRED?

19 A. No. Expected unit lives are based on variables such as the estimated number of starts
20 per year, industry maintenance practices, environmental compliance costs, and
21 assumptions about the cost of replacing generation in future years. An expected unit
22 life does not represent a firm retirement date, but instead represents a best estimate of

SOUTHWESTERN ELECTRIC POWER COMPANY
SCHEDULE I - CALCULATION OF DEPRECIATION RATES BY THE REMAINING LIFE METHOD
BASED ON PLANT IN SERVICE AT DECEMBER 31, 2015
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

TX										
Acct	Title	Original Cost	Net Salvage Ratio	Total to be Recovered	Calculated Depreciation Requirement	Allocated Accumulated Depreciation	Remaining to be Recovered	Avg Remain Life	Annual Accrual Amount	Accrual Percent
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
Coal and Lignite Plants										
DOLET HILLS										
311 0	Structures & Improvements	53,874,763	1 08	58,184,744	27,529,455	21,088,452	37,096,292	30 50	1,216,272	2 26%
312 0	Boiler Plant Equipment	209,120,157	1 08	225,849,770	82,728,681	63,372,842	162,476,928	30 50	5,327,112	2 55%
314 0	Turbogenerator Units	39,553,484	1 08	42,717,763	18,643,636	14,281,627	28,436,136	30 50	932,332	2 36%
315 0	Accessory Electrical Equipment	10,848,934	1 08	11,716,525	5,301,985	4,061,492	7,655,033	30 50	250,985	2 31%
316 0	Misc Power Plant Equip	14,956,938	1 08	16,153,493	6,432,074	4,927,176	11,226,317	30 50	368,076	2 46%
	Total	328,353,976	1 08	354,622,295	140,635,831	107,731,589	246,890,706		8,094,777	2 47%
FLINT CREEK (Note 1)										
311 0	Structures & Improvements	27,370,797	1 03	28,191,921	14,837,853	11,366,275	16,825,646	22 50	747,806	2 73%
312 0	Boiler Plant Equipment	273,133,095	1 03	281,327,088	143,811,131	110,163,972	171,163,116	22 50	7,607,250	2 79%
314 0	Turbogenerator Units	12,567,036	1 03	12,944,047	7,092,308	5,432,937	7,511,110	22 50	333,827	2 66%
315 0	Accessory Electrical Equipment	7,809,947	1 03	8,044,245	4,029,260	3,086,543	4,957,702	22 50	220,342	2 82%
316 0	Misc Power Plant Equip	5,836,387	1 03	6,011,458	2,712,487	2,077,853	3,933,605	22 50	174,827	3 00%
	Total	326,717,242	1 03	326,518,769	172,483,039	132,127,580	204,391,179		9,084,052	2 78%
PIRKEY										
311 0	Structures & Improvements	106,140,185	1 09	117,872,802	58,371,644	44,714,565	73,158,237	29 50	2,479,940	2 29%
312 0	Boiler Plant Equipment	362,007,470	1 09	394,588,142	162,847,147	124,745,176	269,841,966	29 50	9,147,185	2 53%
314 0	Turbogenerator Units	50,932,031	1 09	55,515,914	27,293,969	20,908,062	34,607,852	29 50	1,173,148	2 30%
315 0	Accessory Electrical Equipment	16,686,496	1 09	18,188,281	8,174,203	6,261,704	11,926,577	29 50	404,291	2 42%
316 0	Misc Power Plant Equip	17,884,471	1 09	19,494,073	8,868,146	6,793,286	12,700,787	29 50	430,535	2 41%
	Total	555,650,653	1 09	605,659,212	265,555,109	203,423,793	402,235,419		13,635,098	2 45%
TURK										
311 0	Structures & Improvements	268,617,742	1 03	276,676,274	17,087,494	13,089,572	263,586,702	51 50	5,118,188	1 91%
312 0	Boiler Plant Equipment	984,354,574	1 03	1,013,885,211	64,347,325	49,292,130	964,593,081	51 50	18,729,963	1 90%
314 0	Turbogenerator Units	236,925,166	1 03	244,032,921	15,529,368	11,895,998	232,136,923	51 50	4,507,513	1 90%
315 0	Accessory Electrical Equipment	92,666,808	1 03	95,446,812	6,073,898	4,652,794	90,794,018	51 50	1,762,991	1 90%
316 0	Misc Power Plant Equip	47,971,692	1 03	49,410,843	3,152,737	2,415,098	46,995,745	51 50	912,539	1 90%
	Total	1,630,535,982	1 03	1,679,452,061	106,180,812	81,345,592	1,598,106,469		31,031,194	1 90%
WELSH (Note 1)										
311 0	Structures & Improvements	75,693,500	1 06	80,235,110	42,551,301	32,595,671	47,639,439	24 00	1,984,977	2 62%
312 0	Boiler Plant Equipment	514,702,493	1 06	545,584,643	279,823,907	214,354,153	331,230,490	24 00	13,801,270	2 88%
314 0	Turbogenerator Units	109,904,753	1 06	116,499,038	62,144,899	47,605,000	68,894,038	24 00	2,870,585	2 61%
315 0	Accessory Electrical Equipment	123,279,903	1 06	130,676,697	62,822,073	48,123,738	82,552,959	24 00	3,439,707	2 79%
316 0	Misc Power Plant Equip	20,392,813	1 06	21,616,382	8,492,345	6,505,411	15,110,971	24 00	629,624	3 09%
	Total	843,973,462	1 06	894,811,870	455,834,625	349,183,973	545,427,897		22,726,163	2 69%
	Total Coal and Lignite Plants	3,586,231,316	1 05	3,870,864,197	1,140,699,316	873,812,527	2,997,051,670	35.44	84,671,285	2 29%
RAIL CARS										
312 11	Rail Cars - Flint Creek	6,559,547	1 00	6,559,547	2,753,724	2,109,442	4,450,105	22 50	197,782	3 02%
312 11	Rail Cars - Welsh Plant	9,960,283	1 00	9,960,283	3,471,898	2,659,586	7,300,697	26 50	275,498	2 77%
	Total	16,519,830	1 00	16,519,830	6,225,622	4,769,028	11,750,802		473,280	2 86%
	Total Steam Production Plant	4,365,677,081	1 06	4,614,708,425	1,399,677,918	1,072,198,506	3,542,509,919	33.18	106,751,445	2 45%
Other Production Plant										
MATTISON										
341 0	Structures & Improvements	34,884,391	1 06	36,977,454	6,957,946	5,330,011	31,647,443	36 50	867,053	2 49%
344 0	Generators	84,118,714	1 06	89,165,837	16,794,188	12,864,891	76,300,946	36 50	2,090,437	2 49%
345 0	Accessory Electrical Equip	8,726,704	1 06	9,250,306	1,602,828	1,227,818	8,022,488	36 50	219,794	2 52%
346 0	Misc Power Plant Equip	912,820	1 06	967,589	98,141	75,178	892,411	36 50	24,450	2 68%
	Total	128,642,629	1 06	136,361,186	25,453,103	19,497,898	116,863,288		3,201,734	2 49%
	Total Other Production Plant	128,642,629		136,361,186	25,453,103	19,497,898	116,863,288	36.50	3,201,734	2 49%
	Total Production Plant	4,494,319,710	1 06	4,751,069,611	1,425,131,021	1,091,696,404	3,659,373,207	33.28	109,953,179	2 45%

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-61:

Refer to the testimony of Michael A. Baird at page 37, lines 1-8. Please provide a detailed explanation of the calculation of the \$1,418,666 of DHLC equity return and related taxes included in the requested base revenue requirement and identify where both are included in SWEPCO's request by schedule number, line number, and FERC account number. Please also provide citations to orders (including specific findings of fact) from Docket Nos. 40443 and 46449 related to inclusion of this equity return in base rates.

Response No. Staff 5-61:

In accordance with the DHLC Lignite Mining agreement the equity return is "based upon the Initial Capitalization of Miner and any added amounts approved by the Executive Committee to be financed by Miner through Miner's Loans and Leases or equity contributed to Miner by member(s). The amount of equity contributed by Miner's member(s) shall not exceed 30% of the total capitalization of Miner, or such other amount approved by the LPSC from time to time. The rate of return on equity contributed by SWEPCO or any Affiliate of SWEPCO shall be the LPSC authorized return on equity in the most recent SWEPCO rate case." Related taxes are income taxes associated with this equity return. As noted in the Direct Testimony of Teresa J. Kraske, page 13, lines 6 - 9, in Docket No. 50997 (SWEPCO's on-going fuel reconciliation), in the Stipulation in Docket No. 28045, SWEPCO agree that the equity component of the charges for lignite supplied by the DHLC would be removed from eligible fuel expense. Consistent with that Stipulation SWEPCO has excluded this cost from fuel and included this cost in base rates, including Docket Nos. 40443, 46449 and in this case. The DHLC equity return is included in fuel expense Account 501 and included in Schedule A, Line 3 (detail by FERC Account is provided in WP-A). Please see Finding of Fact 153 in Docket No. 40443. The Order in Docket No. 46449 does not contain a similar finding. However, as explained in the Direct Testimony of Randall W. Hamlett in Docket No. 46449 (page 33, lines 12 - 19), SWEPCO did include the DHLC equity return and related taxes in that filing in compliance with 16 TAC § 23.236(a)(1). No party objected to that treatment.

Prepared By: Randall W. Hamlett

Title: Dir Regulatory Acctg Svcs

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S SEVENTH SET OF REQUESTS
FOR INFORMATION**

Question No. CARD 7-20:

Please identify any differences between SWEPCO's proposed ratemaking treatment of Dolet Hills retirement costs (including any un-recovered investment) and the Commission-approved ratemaking treatment of retirement costs associated with Welsh 2.

Response No. CARD 7-20:

Prior to retirement of Welsh Unit 2 in Docket No. 40443, the Commission included Welsh Unit 2 in rate base and included all applicable expenses as the Unit would continue to operate when rates were effective and would be providing service to SWEPCO's Texas retail customers. The Commission did not alter the depreciable life in Docket No. 40443. In the first case after Welsh Unit 2 was retired (Docket No. 46449), the Commission allowed return of but no return on the Welsh Unit 2 net book value.

SWEPCO's proposal for Dolet Hills is consistent with Docket No. 40443 which includes the still operating unit in rate base and includes all applicable expenses so the unit can continue to operate at the beginning of the rate year. However, the unprotected excess deferred income taxes associated with the Tax Cuts and Jobs Act (TCJA), that was not available when the Welsh decisions were made, provides an opportunity not available in Docket No. 40443 or 46449. Capturing this unique opportunity, SWEPCO's proposal to use TCJA items to reduce the net book value of Dolet Hills is described in the Direct Testimony of Thomas P. Brice (pages 5 – 8) and Michael A. Barid (page 23, and pages 48 and 49) and David Hodgson (page 5, and pages 22 and 24).

Prepared By: Jason M. Yoder

Title: Dir Regulatory Acctg Svcs

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS
FOR INFORMATION**

Question No. CARD 4-2:

Post Test Year Adjustments: Please identify all post test-year adjustments (rate base, operations and capital structure) incorporated in the Company's application that are included because the Company believes that they are "reasonably certain to occur" as opposed to having occurred.

Response No. CARD 4-2:

16 TAC 25.231(c)(2)(F) addresses post-test year adjustments and applies only to rate base adjustments. As stated on page 6 of Mr. Baird's direct testimony, no such post-test year adjustments were made. 16 TAC 25.231(b) addresses adjustments to operating revenues/expenses and the Company has incorporated numerous operating revenue/expense adjustments for known and measurable changes under this TAC section. Some of these adjustments may utilize information taken from a point in time or period subsequent to the test year in order to make a known and measurable change within the test year. Attached to the direct testimony of Michael A. Baird is Exhibit MAB-2 which lists each adjustment to operating revenues/expenses and rate base, including a short description and the sponsoring witness/witnesses. In addition, Mr. Baird provides additional details in his direct testimony on each adjustment, see pages 19 through 37 (operating revenues/expenses) and pages 43 – 49 (rate base). Specific adjustments that the Company believes are reasonably certain to occur after the March 31, 2020 test period are:

A-3.5 Annualize factoring (requested return on common equity),

A-3.16 Storm Expense (catastrophe reserve request),

A-3.20 Vegetation Management Increase (incremental request),

B-1.5.7 Fuel Inventories (target levels), and

B-1.5.17 Dolet Hills Power Station (post test year protected excess ADFIT amortization being used to reduce the Dolet Hills net book value).

Prepared By: Randall W. Hamlett

Title: Dir Regulatory Acctg Svcs

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-56:

Have any of the \$180 million in estimated fuel savings been reflected in the Company's request in this proceeding or in the ongoing fuel reconciliation, Docket No. 50997? If so, identify the amounts and where they are reflected and if not, why not?

Response No. Staff 5-56:

No, none of the estimated savings have been reflected in either this proceeding or Docket No. 50997. The ongoing fuel reconciliation, Docket No. 50997, goes through December 2019 while this proceeding is based on a historic test year. The estimated savings in question would not begin to be realized until 2022, after both of these proceedings have been completed.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-3:

Refer to the SWEPCO news release on 11/5/2020 titled "SWEPCO to end coal operations at two plants, upgrade a third." What is the current estimated date in 2023 for the retirement of the H.W. Pirkey plant?

Response No. STAFF 9-3:

The Company is currently estimating that Pirkey will cease burning coal by March 31, 2023.

Prepared By: Tara D. Beske

Title: Regulatory Consultant Staff

Sponsored By: Monte A. McMahon

Title: VP Generating Assets SWEPCO

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S SEVENTH SET OF REQUESTS
FOR INFORMATION**

Question No. CARD 7-17:

Please describe and provide the amount of any proposed adjustments to test year costs included in this case to reflect the planned early retirement or reduced future operations of the Pirkey plant.

Response No. CARD 7-17:

There were no proposed adjustments to test year costs included in this case to reflect the planned early retirement or reduced future operations of the Pirkey plant in 2023.

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-2:

Refer to the response to OPUC 5-7, Attachment 1. Please similarly identify all costs related to the H.W. Pirkey Power Plant that are included in SWEPCO's requested cost of service.

Response No. STAFF 9-2:

Please see Staff 9-2 Attachment 1 Pirkey COS (provided electronically on the PUC Interchange) for the requested cost of service for the Pirkey Power Plant.

Prepared By: Jason M. Yoder

Title: Dir Regulatory Acctg Svcs

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

Sponsored By: John O. Aaron

Title: Dir Reg Pricing & Analysis

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Southwestern Electric Power Company
Pirkey Proposal Total Company Revenue Requirement

Description	Amount	Source
Remaining Net Book Value	189,235,083	Property Plant
WACC Grossed up for Taxes	8.5822%	Schedule K Calculation
Return Plus Income Taxes	16,240,597	Calculation
Property Taxes	3,390,769	Pirkey Taxes
Gross Margin Tax		
Gross Operating Revenue	57,206,148	Total Revenue Requirement
Taxable Revenue Percent	70.0%	Statute
Taxable Revenue	40,044,303	Calculation
Taxable Margin Percent	0.750%	Statute
Gross Margin Tax	300,332	Calculation
Revenue Tax Factors	1.2992%	WP A-3.13
Revenue Taxes	743,210	Calculation
Depr/Amort Expense	14,219,990	D-4
O&M Expense	22,311,250	Sch H-1.2
Total Revenue Requirement	57,206,148	Calculation

**Pirkey Power Station
Property Taxes: Year Ending 3/31/2020**

	All Owners	SWEPCo Ownership Percent	SWEPCo	Test Year Amount
2019 Property Taxes	3,897,525	85.936%	3,349,377	2,512,033
2020Property Taxes	4,090,186	85.936%	3,514,942	878,736
SWEPCo-Pirkey Test Year Property Taxes				<u><u>3,390,769</u></u>

SWEPCO to end coal operations at two plants, upgrade a third

SHREVEPORT, La., Nov. 5, 2020 – Southwestern Electric Power Co.'s (SWEPCO) compliance plans for two recently revised environmental regulations include retiring the H.W. Pirkey Power Plant in Haltsville, Texas, in 2023 and ceasing coal operations at the Welsh Power Plant at Pittsburg, Texas, in 2028.

SWEPCO, an American Electric Power company (Nasdaq: AEP), will file its compliance plans this month for the U.S. Environmental Protection Agency's (EPA) Coal Combustion Residuals (CCR) rule. The rule applies to the handling and storage of coal ash at each facility. SWEPCO owns 580 megawatts (MW) of generating capacity at Pirkey and 1,053 MW at Welsh.

Flint Creek Power Plant in Gentry, Ark., will continue operations with installation of a dry bottom ash handling system and other facilities that meet the CCR and Effluent Limitation Guidelines (ELG) requirements in 2023. The existing ash pond at this site will be closed and the ash will be sold for beneficial reuse or moved to the plant's regulated onsite landfill. SWEPCO owns 258 MW of the plant capacity.

The John W. Turk Jr. Power Plant (477 MW) in Fulton, Ark., currently meets CCR and ELG standards

"Our Pirkey and Welsh employees have provided decades of safe and reliable service to SWEPCO customers, which will continue until the transition is complete," said Malcolm Smoak, SWEPCO president and chief operating officer. "We are committed to working with our employees, local leaders and our communities in East Texas to help them manage these transitions," Smoak said.

SWEPCO will discuss transition options with affected employees, which include severance, educational and retraining resources, and other potential job opportunities at SWEPCO and AEP.

"In making these difficult decisions, we have worked to balance the remaining life and economic viability of each of our coal-fueled generating units with other options for delivering power, including renewable energy and natural gas, in a resource mix that benefits our customers and the environment," Smoak said.

The analysis includes the level of investment necessary to comply with the recently revised EPA rules, each plant's remaining operating life, and potential future compliance costs.

SWEPCO will continue to evaluate options for the Welsh Plant, which will cease coal operations in 2028.

About Southwestern Electric Power Co. (SWEPCO)

SWEPCO, an American Electric Power (AEP, NYSE) company, serves more than 543,000 customers in northwest and central Louisiana, northeast Texas and the Texas Panhandle, and western Arkansas. SWEPCO's headquarters are in Shreveport, La. News releases and other information about SWEPCO can be found at SWEPCO.com. Connect with us at Facebook.com/SWEPCO, Twitter.com/SWEPCOnews, Instagram.com/swepco, Youtube.com/SWEPCOtv, LinkedIn.com/company/swepco and SWEPCOConnections.com.

About American Electric Power (AEP)

American Electric Power, based in Columbus, Ohio, is focused on building a smarter energy infrastructure and delivering new technologies and custom energy solutions to our customers. AEP's approximately 17,000 employees operate and maintain the nation's largest electricity transmission system and more than 221,000 miles of distribution lines to efficiently deliver safe, reliable power to nearly 5.5 million regulated customers in 11 states. AEP also is one of the nation's largest electricity producers with approximately 30,000 megawatts of diverse generating capacity, including more than 5,300 megawatts of renewable energy. AEP's family of companies includes utilities AEP Ohio, AEP Texas, Appalachian Power (in Virginia and West Virginia), AEP Appalachian Power (in Tennessee), Indiana Michigan Power, Kentucky Power, Public Service Company of Oklahoma, and Southwestern Electric Power Company (in Arkansas, Louisiana, east Texas and the Texas Panhandle). AEP also owns AEP Energy, AEP Energy Partners, AEP OnSite Partners, and AEP Renewables, which provide innovative competitive energy solutions nationwide. For more information, visit aep.com.

MEDIA CONTACTS:

SWEPCO Corporate Communications

Carey Sullivan (318) 673-3458

Peter Main (479) 973-2526

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION

Question No. STAFF 9-9:

Refer to the response to Staff 5-62.

- a) What is the amount of equity SWEPCO has invested in Dolet Hill Lignite Company?
- b) Assuming Dolet Hills power plant closes as currently expected by 12/31/2021, when does SWEPCO anticipate it will receive its equity investment back?
- c) What are the estimated reclamation costs?
- d) What amount of the estimated reclamation costs have already been recovered from SWEPCO ratepayers through fuel expense or otherwise? Provide amounts by year.

Response No. STAFF 9-9:

- a) The amount of Shareholder's Equity (including Retained Earnings and Accumulated Comprehensive Income) on DHLC's books all related to SWEPCO as of March 31, 2020 was \$24,904,389.
- b) A significant portion of the equity is currently expected to be returned to SWEPCO before the end of 2023.
- c) ~~The DHLC Asset Retirement Obligation recorded under GAAP as of March 31, 2020 was \$110,485,347.~~
- d) Under GAAP, AROs represent the estimated liability for costs of a legal obligation associated with retiring an asset. An example of this type of legal obligation would be the final mine reclamation costs for the Dolet Hills lignite mine. DHLC has recorded the present value of the estimated cost of the legal obligation associated with retiring the asset as a component of the cost of the asset itself when the asset is placed into service, also referred to as the ARO Asset, and recorded a corresponding credit to ARO liability. During the life of the asset, the DHLC adjusts the ARO Asset for increases and decreases in the estimated ARO liability. DHLC depreciates the ARO Asset, as adjusted, prospectively over the useful life of related asset. In addition, each accounting period, accretion expense is recorded and increases the ARO liability consistent with the present value concept applied to the original ARO liability. DHLC incurs these costs, both depreciation of the ARO Asset and accretion expense, and bills them to SWEPCO in accordance with the lignite mining agreement as a component of the cost of lignite delivered. Fuel expense is charged as the lignite is burned at the Dolet Hills Power Station. We cannot determine the component of lignite fuel inventory or fuel expense each year related to reclamation costs as those costs are blended in with all other costs to produce the lignite.

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useful life
only for
retire

Prepared By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

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**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-62:

Once Dolet Hills is retired, what will happen to SWEPCO's equity investment in Dolet Hills Lignite Company?

Response No. Staff 5-62:

Dolet Hills Lignite Company ("DHLC") will eventually return the capital to SWEPCO once all lignite is delivered, DHLC's debts are paid as due and it is determined that DHLC has sufficient cash on hand to pay for all remaining reclamation activities.

Prepared By: Randall W. Hamlett

Title: Dir Regulatory Acctg Svcs

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S NINTH REQUEST FOR INFORMATION**

Question No. OPUC 9-3:

Please refer to SWEPCO's response to Staff RFI No. 5-59, sponsored by Mr. Michael Baird. Please provide the date on which SWEPCO began depreciating Dolet Hills based on a planned retirement of December 2021 for book purposes. Please include in your response whether the depreciation shown for January and February 2020 is based on the Public Utility Commission of Texas' approved depreciation rate or is in addition to the authorized monthly depreciation.

Response No. OPUC 9-3:

For Generally Accepted Accounting Principles (GAAP) reporting purposes only, the Company began depreciating the Dolet Hills Plant over its useful life of December 2026 in January 2020 and updated to its current useful life of December 2021 in March 2020. The adjustment shown for January, February and all months through September 2020 in [Staff_5-59_Attachment_1_Dolet_Hills_GAAP_entries.xlsx] is recorded as a debit to account 1080161 and effectively reverses the additional GAAP depreciation required due to the change to a shorter plant life discussed above. By netting the 1080161 account against account 1080001, which is based on the shorter GAAP life, the total accumulated depreciation balance for all Dolet Plant 108 balances represents utilization of PUCT approved depreciation rates.

Prepared By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Prepared By: Jason A. Cash

Title: Accounting Sr Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Jason A. Cash

Title: Accounting Sr Mgr

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION

Question No. Staff 5-54:

Refer to the testimony of Thomas P. Brice at page 6, lines 16 through 18 and the testimony of Monte A. McMahon at page 35, line 7. What were the force majeure events in 2017 and 2018 that caused forced outages at Dolet Hills? Your answer should include a detailed explanation of each event as well as a discussion of how the events led to the decision to retire the plant.

Response No. Staff 5-54:

Shortly after transitioning mining operations to the Oxbow mine in 2017, Tropical Storm Cindy hit the area. This storm negatively affected mining operations in the T area of the Oxbow mine, and it slowed the development of the Oxbow mine's U area. Conditions deteriorated to the point that a Miner Force Majeure was declared on August 18, 2017. Before normal mining operations could resume, Hurricane Harvey crossed over the Oxbow mine from August 29 to August 31, 2017. Heavy rainfall caused flooding in the mine and around the mine area. Mining operations were suspended while efforts focused on pumping the floodwaters from the mining pits. The Miner Force Majeure was terminated on December 18, 2017. During the Miner Force Majeure, lignite reserves at the Dolet Hills plant were sufficient to sustain operation of the unit until August 23, 2017, when a forced outage was initiated. The unit outage lasted through December 19, 2017.

On March 1, 2018, the Oxbow mine once again declared a Miner Force Majeure. Excessive rainfall occurred February 21 through February 25 hindering the production and delivery of lignite to the Dolet Hills plant. The Miner Force Majeure was terminated on April 14, 2018. During the Miner Force Majeure, the lignite inventory at the Dolet Hills plant was also severely impacted by excessive rain, causing excessive pluggage in the fuel delivery system to the unit. The Dolet Hills plant entered a forced outage on February 26, 2018, as a result of wet fuel preventing operation of the unit. The force majeure events were not related to the useful life of the Dolet Hills plant or the mining operations. In 2019, SWEPCO reduced operations to offset increases in lignite production costs and later determined the economically recoverable lignite reserves were depleted.

Prepared By: Tara D. Beske

Title: Regulatory Consultant Staff

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

Sponsored By: Monte A. McMahon

Title: VP Generating Assets SWEPCO

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-10:

Refer to the Unanimous Modified Settlement Agreement filed 1/10/2020 with the Arkansas Public Service Commission in Docket No. 19-008-U. Please provide copies of all filings related to the agreement to retire the Dolet Hills plant consistent with Item 6C of that agreement which states in part, "The Company commits to make the necessary filings at least 12 months prior to the retirement date and will inform the parties of the date certain for said filing as soon as practical after consultation with its co-owner." If the Company has made no such filings, explain why not if it expects a retirement date of no later than December 31, 2021 for the Dolet Hills plant.

Response No. STAFF 9-10:

SWEPCO made a filing related to the agreement on November 25, 2020. The filed version of that document can be found at http://www.apscservices.info/pdf/19/19-008-U_306_1.pdf

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Prepared By: Lynn M. Ferry-Nelson

Title: Dir Regulatory Svcs

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

**BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF THE APPLICATION OF)
SOUTHWESTERN ELECTRIC POWER)
COMPANY FOR APPROVAL OF A GENERAL) DOCKET NO. 19-008-U
CHANGE IN RATES AND TARIFFS)**

**NOTICE PURSUANT TO
UNANIMOUS MODIFIED SETTLEMENT AGREEMENT**

Comes now Southwestern Electric Power Company (SWEPCO), and for its notice pursuant to Unanimous Modified Settlement Agreement states:

1. On December 20, 2019, the Commission entered Order No. 12 in this docket, approving with modification the Unanimous Settlement Agreement reached by the parties and presented for Commission review and approval on October 15, 2019.

2. On December 26, 2019, SWEPCO filed the Unanimous Modified Settlement Agreement in redacted format in order to maintain the confidentiality of paragraph 6 C of the agreement.

3. On January 10, 2020, SWEPCO filed an unredacted version of the Unanimous Modified Settlement Agreement and removed the confidential status of paragraph 6 C. That paragraph provides as follows:

C. The Company commits to seek permission from the appropriate regulatory agencies to retire the Dolet Hills plant by the end of 2026. Subject to and consistent with such approvals, the Company will retire the Dolet Hills plant no later than December 31, 2026. These commitments shall in no way limit the Company's ability to seek full recovery of and on the current or future undepreciated

balance of the Dolet Hills facility, including but not limited to costs associated with AROs, decommissioning, demolition as well as unrecovered costs and future obligations associated with mining operations. Likewise, this provision in no way prohibits any person from opposing full recovery of the same items. The Company commits to make the necessary filings at least 12 months prior to the retirement date and will inform the parties of the date certain for said filing as soon as practical after consultation with its co-owner. Within 30 days of an order approving this Agreement, Sierra Club agrees to withdraw i) its appeal challenging the Dolet Hills MATS retrofits in Texas and ii) its Dolet Hills water permit comments in Louisiana.

4. The "Dolet Hills plant" referred to above is the Dolet Hills Power Station (DHPS), a lignite-fired generating plant jointly owned by Cleco Power, LLC (Cleco), SWEPCO, and two minority owners. DHPS is operated by Cleco, subject to direction of the Dolet Hills Operating Committee, which is comprised of an equal number of members from Cleco and SWEPCO. DHPS is fueled by lignite from the Dolet Hills and Oxbow mines and delivered by the Mine Operator, the Dolet Hills Lignite Company ("DHLC").

5. This Notice is intended to notify the parties herein that the decision has been made by SWEPCO and Cleco management to retire the Dolet Hills Power Station after completion of the seasonal operation period of 2021, but no later than December 31, 2021, rather than December 31, 2026.

6. No prior regulatory permission to retire the Dolet Hills Power Station is required by Arkansas, Louisiana, or Texas statutes or regulatory commission rules. However, based on the terms of previous Orders entered by the Louisiana Public Service Commission in Docket No. U-30975 issued September 30, 2009, SWEPCO and Cleco committed to continue the operation of the Dolet Hills Power Station and the Dolet Hills and Oxbow mines "in order that they will be used and

useful and in the public interest through at least 2026." However, Ordering Paragraph 7(d) further provides that SWEPCO and Cleco "shall not be precluded from applying to the Louisiana Commission for a shortening of the time requirement, based upon such continued operation no longer being prudent, considering economic, environmental, operational or other similar factors ..."

7. In keeping with the aforesaid Ordering Paragraph 7 (d) on October 6, 2020, SWEPCO and Cleco filed a joint application for authorization to close both the Dolet Hills and Oxbow mines. This joint application has been docketed as LPSC Docket No. U-35753. It is anticipated that a final ruling on this joint application will be entered during the second quarter of calendar year 2021. The retirement of DHPS is implicit in the application to close both mines, and is furthermore contemplated by the 2019 Integrated Resource Plan of Cleco, which was approved as compliant pursuant to LPSC Order No. 1-34693, issued February 27, 2020.

8. Lignite production at both Dolet Hills and Oxbow mines has ceased as of May 15, 2020, but the delivery of previously mined lignite is occurring and is expected to be completed by September 30, 2021. Reclamation activities are ongoing and will continue for several years. The lignite previously mined will continue to be delivered to DHPS and will be consumed during the seasonal operations of DHPS in the years 2020 and 2021. DHPS will then be retired no later than December 31, 2021.

Respectfully submitted,

SOUTHWESTERN ELECTRIC POWER COMPANY

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that an electronic copy of the foregoing Joint Motion to Approve Settlement Agreement has been served upon all parties of record via the Commission's EFS system on this 25th day of November, 2020.

/s/ Stephen K. Cuffman
Stephen K. Cuffman

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Source: SWEPCO Response to Staff 9-19

		Tax Loss Utilized by AEP Consolidated											
Tax Year	SWEPCO Taxable Income (Loss)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Q1 2020
2009	46,739,333												
2010	(58,670,714)		58,670,714										
2011	55,366,940												
2012	(1,207,127,066)				729,914,069		477,212,997						
2013	61,224,910												
2014	56,112,581												
2015	114,448,324												
2016	(358,866,044)								332,672,840		26,193,204		
2017	(98,182,199)							34,878,110			55,137,567		8,166,523
	(1,388,953,935)												
2018	57,203,764												
2019	80,238,343												
Q1 2020	10,231,165												
	147,673,272												
Tax loss balance unused by AEP		-	-	-	477,212,997	477,212,997	-	422,170,133	89,497,293	89,497,293	8,166,523	8,166,523	0

Net Payments Received by SWEPCO from AEP, Inc. for use of its tax losses

Income/(Loss) Net Taxable Times Tax Rate		
2009 - 2017 Tax Rate	(1,388,953,935) 35%	Net Payments RECEIVED by SWEPCO from AEP, Inc. for use of its tax losses
	(486,133,877)	
2018-Q1 2020 Tax Rate	147,673,272 21%	Payments MADE by SWEPCO to AEP, Inc. for taxable income
	31,011,387	
Net	(455,122,490)	Net payments RECEIVED by SWEPCO from AEP, Inc. per tax sharing agreement

SWEPCO Tax Losses Used by Consolidated Group and Payments Received by SWEPCO Through & Post TYE Dkt 46449

Through TYE Dkt 46449 (6/30/16)		Post TYE Dkt 46449
2009	46,739,333	2016 (358,866,044)
2010	(58,670,714)	TYE 6/30/16 50%
2011	55,366,940	(179,433,022)
2012	(1,207,127,066)	2017 (98,182,199)
2013	61,224,910	(277,615,221)
2014	56,112,581	35%
2015	114,448,324	(97,165,327)
2016	(179,433,022) (50% 6/30/16 TYE)	
		2018 57,203,764
		2019 80,238,343
		Q1 2020 10,231,165
Net thru TYE	(1,111,338,714)	147,673,272
Tax Rate	35%	21%
	(388,968,550)	31,011,387
Total Net Thru TYE Dkt 46449	(388,968,550)	Total Net After TYE Dkt 46449 (66,153,940) = (455,122,490) Total

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-19:

Were any of SWEPCO's taxable losses reported on Schedule G-7.13(f) used to reduce the amount of consolidated taxable income or consolidated taxes paid by the AEP consolidated group? If so, please provide the amount of SWEPCO taxable losses utilized by year and the balance remaining at the end of each year.

Response No. STAFF 9-19:

SWEPCO is a member of AEP Inc.'s consolidated tax return group. The taxable income of the consolidated return includes the income and losses of all members of the consolidated group. The income and losses of SWEPCO reported on Schedule G-7.13(f) increased or decreased the consolidated taxable income of the group in any given tax year. Staff 9-19 Attachment 1 provides a schedule showing the tax return year in which the AEP Inc. consolidated group utilized the losses of SWEPCO to offset the income of other members of the group and any unused SWEPCO loss balance remaining unutilized at the end of each year.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

SWEPKO		Tax Loss Utilized by AEP Consolidated											
Tax Year	Taxable Income (Loss)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Q1 2020
2009	46,739,333												
2010	(58,670,714)		58,670,714										-
2011	55,366,940												-
2012	(1,207,127,066)				729,914,069		477,212,997						-
2013	61,224,910												-
2014	56,112,581												-
2015	114,448,324												-
2016	(358,866,044)								332,672,840		26,193,204		-
2017	(98,182,199)							34,878,110			55,137,567		-
	(1,388,953,935)											8,166,523	-
2018	57,203,764												-
2019	80,238,343												-
Q1 2020	10,231,165												-
	147,673,272												-
Tax loss balance unused by AEP					477,212,997	477,212,997		422,170,133	89,497,293	89,497,293	8,166,523	8,166,523	0

tax 2009-2017 losses (1,388,953,935) consolidated taxable income shielded
 tax rate X 35%
 (486,133,817) consolidated tax payment to IRS avoided

(486,133,817) received from AEP

tax income 2018-2020 147,673,272
 tax rate 21%

31,011,387 tax paid for consolidated return

31,011,387 paid to AEP

(455,122,490) net receipts from AEP per tax sharing arrangement

X 8.5822% ROR grossed up for FTR

\$ 39,059,522 Return & taxes in SWEPKO requested. Rev. Req.

pa 174

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SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION

Question No. STAFF 9-14:

Please provide each individual pro forma adjustment made by schedule number, line number, and FERC account number to the test year end actual balances (per the 3/31/20 trial balance at Schedule A-4) to reflect SWEPCO's requested stand-alone accumulated deferred federal income tax asset related to the NOL carryforward.

Response No. STAFF 9-14:

The proforma adjustments required to reflect the results of a separate return NOL carryforward are summarized in Exhibit DAH-8 and all journal entry references below are those identified in this exhibit.

Journal entry #1 is netted with journal entry #3 to arrive at \$455,122,490 which is shown on schedule "G 7.4b CALCULATIONS" cell F34. Journal Entry #1 is the separate return NOL ADFIT at the time of the tax rate change resulting from TCJA and Journal Entry #2 provides the amount of the NOL ADFIT reduction from 1-1-18 through the end of the test year in this case.

Journal entry #2 is provides the debits and credits that would be recorded to set up the remeasured ADFIT balance as a result of TCJA. This entry is entirely rate base neutral and therefore no adjustment was made within the filing for this item.

Journal entries 4(a) and 4(b) show the accounting related to the protected excess amortization both during the test year and during the period of time from the tax rate change until the beginning of the test year respectively. The rate base impact (i.e. FERC account 2821001) of journal entries #4(a) and 5(a) are netted and result in a net credit to ADIT in rate base of \$10,042,883 which is reflected in "G 7.4b CALCULATIONS" cell F33. The tax expense impact of journal entry #4(a) is shown in "G 7.9 SWEPCO" under the test year amortization adjustment as a reduction to the test year amortization of protected excess ADFIT.

The book expense for all provisions for refund during the test year have been adjusted to arrive at zero to result in no expense being included in the cost of service. This adjustment can be seen on WP A – Lines 63-66.

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Title: Mng Dir Acctng Policy & Rsrch

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SOUTHWESTERN ELECTRIC POWER COMPANY
Dolet ADIT

W/P Schedule B-1.5.17.2
Page 1 of 2

	Description	Regulatory Ratemaking Journal Entries			2020 Base Case Impact
		Account	Debit	Credit	
1	<u>2017 - Pre TCJA</u> Deferred Tax Asset - NOL Debt/Equity	1901001	486,133,877	486,133,877	Present as Pro-Forma Tax Dept to include DTA NOL in Rate Base (net of JE #3 below)
	Entry to reflect total company NOL as of 12/31/17				
2	<u>2017 - Post TCJA</u> Regulatory Asset - Protected Deferred Tax Asset - NOL	2544001	194,453,551	193,681,438	Present as part of GAAP Books Tax Dept to Present JE in Filing, however, no impact to net rate base as Reg Assets offset deferred tax
***	Regulatory Asset - Unprotected Regulatory Asset DTL - Regulatory Asset	2544001	63,515,141	772,113 63,515,141	\$270,239 relates to SWEPCO TX to be incorporated unprotected excess available to offset Dolet Hills basis --\$270k is estimated, multiply \$772k by SWEPCO TX rate %
	Entry to reflect remeasurement of NOL and corresponding deferred deferred taxes				
3	<u>2018 thru Q1 2020 Activity</u> Deferred Tax Asset - NOL Debt/Equity	1901001	31,011,387	31,011,387	Present as Pro-Forma Tax Dept to include DTA NOL in Rate Base (net of JE #1 above)
	Entry to recognize NOL utilized 2018 thru end of test period activity				
4(a)	<u>Revision to Test Year Amortization</u> Regulatory Asset - Protected Deferred Income Tax Expense	2544001	4,664,032	4,664,032	Present as part of GAAP Books Tax Dept to Present JE in Filing, however, no impact to net rate base as Reg Assets offset deferred tax
		4101001	4,664,032		\$4.6M reduces Income Tax Benefit shown within Cost of Service
		2821001		4,664,032	Amount will be included as reduction to rate base
		2824001	4,664,032		Tax Dept to Present JE in Filing, however, no impact to net rate base as Reg Assets offset deferred tax
		2544001		1,523,431	
		1904001	1,523,431		
	Entry to reflect reduced Amortization of Protected Excess for 12 month test period				
4(b)	<u>Revision to Provision for Refund</u>	2290019	4,664,032		Present as part of GAAP Books
		4490019		4,664,032	13,323,230 Protected Refund Change Through Test Year End
		2290019	1,523,431		4,833,196 Texas Protected Refund Change Through Test Year End
		4490019		1,523,431	515,622 Monthly Protected Refund Change
		4101001	1,299,367		187,049 Texas Monthly Protected Refund Change
		2831001		1,299,367	
	Entry to reflect reduced Amortization of Protected Excess for 12 month test period				
5(a)	<u>Revision to Pre-Test Year Amortization</u>	2544001		5,378,851	Present as part of GAAP Books
		4101001	5,378,851		Outside of test period, not included in cost of service..
		2821001		5,378,851	
		2824001	5,378,851		
		2544001		1,756,916	
		1904001	1,756,916		
	Entry to reflect reduced Amortization of Protected Excess for activity in 2018 thru Q1 2019				
5(b)	<u>Revision to Pre-Test Year Provision for Refund</u>	2290019	5,378,851		Present as part of GAAP Books

net w/ # 3

net w/ # 1

part 4

SOUTHWESTERN ELECTRIC POWER COMPANY
Dolet ADIT

W/P Schedule 8-1.5.17.2
Page 2 of 2

4490019		5,378,851
2290019	1,756,916	
4490019		1,756,916
4101001	1,498,511	
2831001		1,498,511

Entry to reflect reduced Amortization of Protected Excess for activity in 2018 thru Q1 2019

Total Company Rate Base Increase	455,122,490	
Cost of Service Reduction (for test year)	4,654,032	
Provision for Refund (since TCJA)	10,042,883	5,378,851

Responsible Team	Incorporation into Base Case
Tax Filing	Balance Sheet Rate Base (net \$455M DTA)
Tax Filing	P&L Cost of Service (tax expense increase of \$4.6M) - protected amortization within test year
Reg Team	Provision for Refund Expense (decrease by \$10M) - protected amortization within test year
Reg Team	Balance Sheet reduce non-tax provision for refund of protected excess (\$4.6M)
Reg Team	Reduce TX Jurisdiction Unprotected available to offset Dolet by \$270k

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-15:

Please provide each individual adjustment to SWEPCO's request by schedule number, line number, and FERC account number that would be necessary to reflect the actual accumulated deferred federal income tax asset related to the NOL carryforward recorded on SWEPCO's books at test year end (per the 3/20/20 trial balance at Schedule A-4).

Response No. STAFF 9-15:

There is a zero balance for ADIT associated with NOL carryforwards on SWEPCO's books (financial statements) as the result of SWEPCO's participation in the AEP consolidated federal tax return and the required accounting under GAAP for allocation of the consolidated tax liability under the group's Tax Allocation Agreement. As the trial balance reflects no ADIT balance for the NOLC, to adjust the filing to reflect the balance as zero as opposed to the separate return NOL ADFIT the pro forma adjustments as identified in the response to Staff 9-14 would need to be removed from the schedules.

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Title: Tax Acctg & Reg Support Mgr

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SOUTHWESTERN ELECTRIC POWER COMPANY
ADJUSTMENT SUPPORT
TEST YEAR ENDING MARCH 31, 2020

Description	Schedule Reference	Amounts	Description	
NON-UTILITY / NON-APPLICABLE				
ACCOUNT 282 NORMALIZED ADJUSTMENT		45,815,932	ADFIT Related to Unprotected Excess	960F-XS
		13,720	ADFIT Related to Joint Ventures System Fuel Project	680A
	Schedule G-7.4b - Page 2 - Line 57	<u>45,829,652</u>	ADFIT Related to Book Impaired Asset Reserve - SFAS 121	651A
			Total Non-Utility / Non-Applicable - Account 282	
ACCOUNT 283 NORMALIZED ADJUSTMENT	Schedule G-7.4b - Page 2 - Line 57	9,578,820	ADFIT Related to Unprotected Excess	960F-XS
KNOWN CHANGES				
ACCOUNT 190 NORMALIZED ADJUSTMENT	Schedule B-1.5 - Adjustment B-1.5.13	(913,340)	To adjust ADFIT for Accrued Mine Reclamation	
		21%		
	Schedule G-7.4b - Page 1 - Line 15	<u>191,801</u>	ADFIT Related to Accrued Mine Reclamation	
ACCOUNT 282 NORMALIZED ADJUSTMENT	Schedule B-1.5 - Adjustment B-1.5.4	224,168,719	Adjustment to Accumulated Depreciation for Texas Depreciation Rates	
	Schedule B-1.5 - Adjustment B-1.5.10	(4,446,089)	Adjustment to Accumulated Depreciation for ABFUDC	
	Schedule B-1.5 - Adjustment B-1.5.11	(13,389,353)	Adjustment to Accumulated Depreciation for SFAS 143	
		21%	Federal Income Tax Rate	
		<u>(43,329,988)</u>	Adjust ADFIT Related to Adjustment to Accumulated Depreciation for Texas Depreciation Rates, ABFUDC & SFAS 143	
ACCOUNT 282 NORMALIZED ADJUSTMENT	Schedule B-1.5 - Adjustment B-1.5.11	(10,042,883)	ADFIT Related to Protected Excess for NOL	960F-XS
	Schedule B-1.5 - Adjustment B-1.5.13	455,122,490	To adjust for a Stand-Alone Federal Net Operating Loss	
	Schedule G-7.4b - Page 2 - Line 74	<u>401,749,619</u>	Adjustment to Property Related ADFIT - Account 282	
ACCOUNT 283 ACCRUED BOOK PENSION COSTS	Schedule B-1.5 - Adjustment B-1.5.8	83,452,444	13 Month Average — Pension Prepaid Asset Balance Expense Amount	
		21%	Federal Income Tax Rate	
	Schedule G-7.4b - Page 3 - Line 61	(17,525,013)	Required ADFIT Balance	
	Schedule G-7.4b - Page 3 - Line 61	(14,834,029)	ADFIT Recorded in Account 283	
	Schedule G-7.4b - Page 3 - Line 61	<u>(2,690,984)</u>	Adjustment to ADFIT Related to Accrued Book Pension Costs Expense Amount	
POST TEST YEAR ADJUSTMENTS				
ACCOUNT 282 NORMALIZED ADJUSTMENT	Schedule G-7.11 - Page 1 of 1 - Line 3	N/A		
	Workpaper Schedule D-4	N/A		
	Schedule G-7.11 - Page 1 of 1 - Line 3	<u>N/A</u>		

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**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-13:

Please refer to electronic workbook titled G-7 NC Federal Income Tax (no G-7.3), the sheet labeled "G 7.4b CALCULATIONS" and provide the dollar value that is supposed to be in cell F34 (labeled "To adjust for a Stand-Alone Federal Net Operating Loss).

Response No. STAFF 9-13:

Cell F34 in the sheet labeled "G 7.4b CALCULATIONS" should have a value of \$455,122,490. See the electronic workbook provided in response to Staff 9-12.

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Title: Tax Analyst Prin

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Title: Tax Acctg & Reg Support Mgr

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION

Question No. STAFF 9-20:

Refer to the answer to question Staff 9-19.

- a) If any of SWEPCO's taxable losses were used to reduce the amount of consolidated taxable income or consolidated taxes paid by the AEP consolidated group, has SWEPCO received any payments or other compensation from its parent or affiliates for the use of such losses?
- b) If SWEPCO has received payments or compensation for the use of such losses, please provide by year the amounts received by affiliate and provide detailed calculations with explanations of how such amounts were determined.
- c) Please provide the journal entries recorded by SWEPCO related to each payment received.
- d) If SWEPCO received such payments during the test year, where are they reflected in SWEPCO's requested revenue requirement and where are they reflected on Schedule A-4 (3/31/20 trial balance)?
- e) If SWEPCO received such payments during the test year and the payments are not reflected in its requested revenue requirement, why not?
- f) If any of SWEPCO's taxable losses reported on Schedule G-7.13(f) were used to reduce the amount of consolidated taxable income or consolidated taxes paid by the AEP consolidated group, and SWEPCO did not receive compensation for the use of such taxable net operating losses, why did it not receive compensation?

Response No. STAFF 9-20:

- a) Yes, SWEPCO participates in the AEP consolidated federal return and its Tax Allocation Agreement. The agreement states that the holding company will provide a payment to any tax loss member equal to "the amount by which the consolidated tax is reduced by including the member's net corporate tax loss in the consolidated tax return." AEP affiliates receiving any payment from the holding company under the tax allocation agreement as the result of tax losses are therefore dependent upon other companies within the consolidated group generating taxable income. Any such payments received by a loss affiliate represent the tax obligation of income affiliates that have been deferred as the result of filing a consolidated return and are not the direct result of the regulated operations of the loss affiliate. Under the Tax Allocation Agreement SWEPCO has received payments from AEP Inc. as a result of its losses as reported on Staff 9-19 Attachment 1.

- b) See Staff 9-19 Attachment 1 for a schedule of the utilization of SWEPCO's NOL by the AEP consolidated group by tax return year. The tax sharing agreement (Staff 9-17 Attachment 1) provides the method in which any cash allocations are calculated.
- c) An example of journal entries to record the consolidated tax sharing agreement are as follows:

Subsidiary A

Debit – Income Taxes Payable (Account 236)
Credit – Cash

AEP Inc.

Debit – Cash (From Subsidiary A)
Credit – Income Taxes Payable (Account 236)

Debit – Income Taxes Payable (Account 236)
Credit – Cash (To SWEPCO)

SWEPCO

Debit – Cash
Credit – NOLC Deferred Tax Asset (Account 190)

- d) SWEPCO participated in the consolidated tax allocation agreement during the test year. As a result of other companies within the group generating taxable income, SWEPCO received payment from the holding company under the agreement. As indicated in the response to part c) of Staff 9-20 the payment received by SWEPCO is recorded as both a credit to the deferred tax asset account and a debit to cash. Because the receipt of cash through the tax sharing agreement reduces the deferred tax asset balance for the NOL carryforward, the trial balance reflects the full DTL associated with accelerated depreciation.
- e) The requested revenue requirement is based on the recognition of a separate return net operating loss carryforward deferred tax asset as a component of the ADFIT included in rate base. The federal income taxes requested by the Company are based on revenues and expenses included in the cost of service calculation. The use of a separate return approach to the income taxes requested prevents the cross-subsidization of costs or benefits among affiliate companies.

As described on pages 12-13 of the direct testimony of Company witness David Hodgson, the proforma adjustment to reflect SWEPCO's NOL on a separate return basis is consistent with the normalization rules of the Code. The specific normalization provisions of the Code that guide the Company's proforma adjustment in this case include –

- Treasury Regulation Section 1.167(l)-1(h) and accompanying IRS rulings directly addressing instances in which accelerated depreciation produces NOLs, and

- Internal Revenue Code Section 168(i)(9)(B) which requires consistency among the assumptions used for determining the revenue requirement elements of book depreciation expense, income tax expense (the book-to-tax differences used to compute current and deferred income tax expense), and the rate base components for accumulated deferred income taxes and net book value.

As discussed by witness Hodgson on page 12 of his direct testimony, the IRS has issued a number of private letter rulings which determine that NOL carryforward ADFIT must be included in rate base when the NOL is associated with accelerated depreciation. As stated on page 28 of the direct testimony of Company witness Hodgson, the Company performed a with-and-without test which determined that the NOL carryforward is a result of accelerated depreciation. Because SWEPCO's NOL carryforward is a result of accelerated depreciation, including the proforma adjustment is consistent with the normalization requirements of the Code.

- f) SWEPCO has received payments from its parent company, AEP, Inc.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION

Question No. STAFF 9-12:

Please provide electronic workbooks for Schedule G-7.4 (and all G-7.4 related sub-schedules) that have been corrected to remove all "#REF!" errors throughout. If already provided, please identify where they were provided.

Response No. STAFF 9-12:

See Staff 9-12 Attachment 1 (provided electronically on the PUC Interchange) for the electronic workbooks for Schedule G-7.4 and all sub-schedules corrected to remove all "#REF" errors.

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**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-21:

Refer to the Commission's Order on Rehearing in Docket No. 46449. Please provide the amount of the NOL accumulated deferred income tax asset actually recorded on SWEPCO's books at the end of the test year in that proceeding and the amount of the SWEPCO stand-alone NOL accumulated deferred income tax asset at the same date. Please also provide the amount of the NOL accumulated deferred income tax asset that was reflected in the rate base used to set rates approved in that order. If the amount was any other amount than the actual test-year and book amount, please identify the evidence (testimony, etc.) presented in that proceeding for the use of a different amount.

Response No. STAFF 9-21:

SWEPCO's books at the end of the test year in Docket No. 46449 reflected a NOL accumulated deferred income tax asset of zero as a result of the Company's participation in the AEP Inc. consolidated tax sharing agreement. No adjustments were made in that proceeding to reflect the level of NOL deferred tax asset for the Company on separate return basis.

During the preparation for this filing, the Company identified risks associated with using the GAAP balance of ADFIT for ratemaking purposes. These risks are twofold. First, in instances, such as this, in which a member of a consolidated group is in an NOL position determined on a separate return basis and the NOL is the result of accelerated tax depreciation, it is inconsistent with the separate return methodology used for purposes of computing tax expense to disregard such separate return NOL in the rate base component of the company's revenue requirement. Second, there is an operational economic risk with the rate regulation associated with including a consolidated return adjustment into the rates of utility companies.

Moreover, including federal NOL carryforward ADFIT in rate base when that NOLC is generated as a result of accelerated depreciation is consistent with the normalization rules of the Code. Since SWEPCO has a separate return federal NOL carryforward resulting from accelerated depreciation at the end of the test year in this case, it is consistent with the normalization requirement for rate base to reflect the deferred tax liabilities netted with the NOL deferred tax asset.

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Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S THIRD REQUEST FOR INFORMATION**

Question No. OPUC 3-7:

Please refer to the Direct Testimony of Mr. David A. Hodgson, pages 24-25. Please confirm or deny that SWEPCO or SWEPCO's parent company requested a private letter ruling from the Internal Revenue Service concerning the proposed treatment of the Excess Deferred Federal Income Tax ("EDFIT") associated with the Net Operating Loss. If confirm, please provide a copy of the request and any response received from the IRS. If deny, please provide an example of any other jurisdiction where this approach has been used and adopted by the regulating entity.

Response No. OPUC 3-7:

Deny. Neither SWEPCO nor SWEPCO's parent company has requested a private letter ruling from the IRS concerning the proposed treatment of excess deferred federal income taxes associated with the net operating loss carryforward (NOLC). The Company relied on previous PLR's (see Exhibits to Witness Hodgson's testimony) and revenue procedures issued by the IRS as the basis of the proposed treatment. The IRS's most recent relevant guidance is Revenue Procedure 2020-39 which was issued August 14, 2020. This revenue procedure provides guidance under §168 of the Internal Revenue Code to clarify the normalization requirements following the Tax Cuts and Jobs Act.

Revenue Procedure 2020-39 specifically provides that it is intended to be consistent with overall pre-existing deferred tax normalization rules. The series of PLR's provided as exhibits to the testimony of Mr. Hodgson all specify a "with-and-without" or "last dollar deducted" approach as the only method which ensures compliance with normalization requirements. The Company performed a with-and-without test and determined that the balance of the NOLC was attributable to accelerated tax depreciation and therefore subject to the normalization requirements.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS
FOR INFORMATION**

Question No. CARD 4-30:

ADIT: Please provide an analysis showing the impact on accumulated deferred income taxes of each of the Company's proposed adjustments to plant in service. Please provide an explanation for each proposed plant adjustment that does not have an impact on accumulated deferred income taxes and explain which plant additions do not qualify for the special depreciation allowance and why. Please provide the response in Excel-compatible format with fully functional formulas.

Response No. CARD 4-30:

The Company's only proposed adjustments to plant in service relate to jurisdictional AFUDC differences as explained in the direct testimony of Michael A. Baird (pages 39 through 40). Please see G 7.4b CALCULATIONS, for the ADIT adjustment related to the AFUDC adjustment B-1.5.10 (AFUDC).

Only plant additions that began construction before September 28, 2017 continue to be eligible for 50%, 40%, or 30% bonus depreciation under the bonus depreciation regime in place before the Tax Cuts and Jobs Act (TCJA). The TCJA amended IRC Section 168(k) to allow certain businesses to write off 100% of depreciable assets however property acquired by public utilities is not considered to be qualifying property as indicated under IRC Section 168(k)(9)(A).

Prepared By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

Prepared By: James D. Spring

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

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99. SWEPCO failed to give ratepayers the benefit of \$1.23 million of revenue credits related to payments from SPP received by SWEPCO for ancillary services. These ancillary service credits are not transmission-related; they are instead related to the use of Commission-regulated generation plant that provides ancillary services to SPP. Retail ratepayers fully support SWEPCO's generation plant that provides the ancillary services, and are entitled to receive all of the benefits from these services.
100. The remaining money, \$3.5 million at SWEPCO's requested ROE, is the basis upon which the original \$8.4 million figure was calculated, and comes from a combination of other components of FERC ratemaking that are more favorable to the utility than costs allowed by the Commission, mixed with errors made by SWEPCO because it did not correctly calculate the amount that SWEPCO would receive under the SPP OATT.
101. FERC ratemaking includes costs that the Commission does not allow in rates, including 100% of stock-based compensation, 100% of cash incentive compensation, and executive perquisites (except personal use of corporate aircraft).
- () 102. Additionally, FERC's formula ratemaking with a future test year yields higher rates than a Texas historical test year. The billing determinants used to set transmission rates at FERC include forward-looking future test-year costs, which are mismatched against historical test-year Texas billing determinants, thereby inflating SWEPCO's rates.
103. SWEPCO also incorrectly calculated various complex load-share calculations to the detriment of Texas ratepayers.
104. The \$8.4 million reflects significant differences between FERC and Commission regulatory policies. Although the underlying transmission system and Texas retail loads are the same, relying on FERC rate schedules to calculate retail transmission costs adversely affects Texas retail customers.
105. SWEPCO has not proven that the increased costs accompanying the change in methodology are reasonable and necessary for the provision of service.
106. Under SWEPCO's filed case, SWEPCO's functionalized transmission-related rate base under the current regulatory method is \$291,849,357. By comparison, SWEPCO's Texas
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**SOUTHWESTERN ELECTRIC POWER COMPANY
CHANGES IN ACCOUNTING FOR DEFERRED FIT**

The Company has not made any changes in its accounting for Deferred Federal Income Taxes that has an impact on regulatory ratemaking. All new book/tax differences have been fully normalized.

The Company adopted SFAS 109 (now known as FASB ASC 740) in January 1993. The net impact of this adoption was to record additional deferred income taxes with an offsetting amount recorded as a regulatory asset or liability. The adoption of SFAS 109 has no impact on cost of service or rate base.

The Company adopted Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN-48) in January 2007. The accounting entries related to FIN-48 are recorded in separate sub-accounts which allows them to be easily distinguished from the normal regulatory deferred tax accounts.

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-22:

Refer to the SWEPCO news release dated 10/14/2020 titled "SWEPCO Proposes Rate Change for Texas Customers." With respect to the sentence that reads "It also includes costs related to generating unit retirements, increased tax costs related to accelerated depreciation, and additional funds for vegetation management." Please provide a detailed explanation of how accelerated depreciation increases tax costs for SWEPCO's ratepayers.

Response No. STAFF 9-22:

The news release is attempting to describe the impact on rates from the inclusion of the NOL ADFIT as a component of rate base. It is described as "related to accelerated depreciation" because the federal tax losses were the result of deductions taken on returns for accelerated tax depreciation. It is a tax component of rate base which, when isolated from the overall reduction to rate base from all other ADIT, does result in an increase to rate base and as a result an increase in the rate, or cost, charged to customers.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-17:

Please provide a copy of the AEP and subsidiary companies federal income tax sharing agreement.

Response No. STAFF 9-17:

Please see 9-17 Attachment 1 for a copy of the tax agreement for allocating consolidated income taxes for AEP Inc. and its consolidated affiliates.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

**AMERICAN ELECTRIC POWER COMPANY, INC. AND
ITS CONSOLIDATED AFFILIATES ---
2019 TAX AGREEMENT REGARDING METHOD OF
ALLOCATING CONSOLIDATED INCOME TAXES**

The below listed affiliated companies, joining in the annual filing of a consolidated federal income tax return with American Electric Power Company, Inc., under the provisions of sections 1501 and 1502 of the Internal Revenue Code (the "Code") and the Treasury Regulations thereunder, agree to allocate the consolidated annual net current federal income tax liability and/or benefit to the members of the consolidated group in accordance with the following procedures:

- (1) The consolidated regular federal income tax, exclusive of capital gains and preference taxes and before the application of general business credits including foreign tax credits, shall be apportioned among the members of the consolidated group based on corporate taxable income. Loss companies shall be included in the allocation, receiving a negative tax allocation which is similar to a separate return carryback refund, before considering general business credits, which would have resulted had the loss company historically filed a separate return.
- (2) The corporate taxable income of each member of the group shall be first reduced by its proportionate share of American Electric Power Company, Inc.'s (the holding company) tax loss (excluding the effects of extraordinary items which do not apply to the regulated business) in arriving at adjusted corporate taxable income for each member of the group with positive taxable income.
- (3) To the extent that the consolidated and corporate taxable incomes include material items taxed at rates other than the statutory tax rate (such as capital gains and preference items), the portion of the consolidated tax attributable to these items shall be apportioned directly to the members of the group giving rise to such items.
- (4) General business credits, other tax credits, and foreign tax credits shall be equitably allocated to those members whose investments or contributions generates the tax credit.
- (5) If the tax credits can not be entirely utilized to offset the consolidated tax liability, the tax credit carryover shall be equitably allocated to those members whose investments or contributions generated the credit.
- (6) Should the consolidated group generate a net operating tax loss for a calendar year, the tax benefits of any resultant carryback refund shall be allocated proportionately to member companies that generated corporate tax losses in the year the consolidated net operating loss was generated.

Any related loss of general business credits, shall be allocated to the member companies that utilized the credits in the prior year in the same proportion that the credit lost is to the total credit utilized in the prior year. A consolidated net operating tax loss carryforward shall be allocated proportionately to member companies that generated the original tax losses that gave rise to the consolidated net operating tax loss carryforward.

- (7) A member with a net positive tax allocation shall pay the holding company the net amount allocated, while a tax loss member with a net negative tax allocation shall receive current payment from the holding company in the amount of its negative allocation. The payment made to a member with a tax loss should equal the amount by which the consolidated tax is reduced by including the member's net corporate tax loss in the consolidated tax return. The holding company shall pay to the Internal Revenue Service the consolidated group's net current federal income tax liability from the net of the receipts and payments.
- (8) No member of the consolidated group shall be allocated a federal income tax which is greater than the federal income tax computed as if such member had filed a separate return.
- (9) In the event the consolidated tax liability is subsequently revised by Internal Revenue Service audit adjustments, amended returns, claims for refund, or otherwise, such changes shall be allocated in the same manner as though the adjustments on which they are based had formed part of the original consolidated return using the tax allocation agreement which was in effect at that time.

Any current state tax liability and/or benefit associated with a state tax return involving more than one member of the consolidated group, shall be allocated to such members following the principles set forth above for current federal income taxes. Due to certain states utilizing a unitary approach, the consolidated return liability may exceed the sum of the liabilities computed for each company on a separate return basis. If this occurs, the excess of the consolidated liability over the sum of the separate return liabilities shall be allocated proportionally based on each member's contribution to the consolidated apportionment percentage. If additional tax is attributable to a significant transaction or event, such additional tax shall be allocated directly to the members who are party to said transaction or event.

This agreement is subject to revision as a result of changes in federal and state tax law and relevant facts and circumstances.

The above procedures for apportioning the consolidated annual net current federal and state tax liabilities and expenses of American Electric Power Company, Inc. and its

consolidating affiliates have been agreed to by each of the below listed members of the consolidated group as evidenced by the signature of an officer of each company.

Any additional company that becomes a member of the consolidated group, within the meaning of section 1504 of the Code, shall become a party to this agreement by amendment thereto. This agreement shall cease to apply with respect to any company that is a party hereto that ceases to be a member of the consolidated group, effective for all tax years of such company beginning after the company ceases to be a member of the consolidated group.

COMPANY	OFFICER'S SIGNATURE
American Electric Power Company, Inc.	/S/
American Electric Power Service Corporation	/S/
Abstract Digital, LLC	/S/
AEP Appalachian Transmission Company, Inc.	/S/
AEP Clean Energy Resources, LLC	/S/
AEP Coal, Inc.	/S/
AEP Credit, Inc.	/S/
AEP Energy, Inc.	/S/
AEP Energy Partners, Inc.	/S/
AEP Energy Services, Inc.	/S/
AEP Energy Services Gas Holding Company	/S/
AEP Energy Supply LLC	/S/
AEP Generating Company	/S/
AEP Generation Resources, Inc.	/S/
AEP Indiana Michigan Transmission Company, Inc.	/S/

AEP Investments, Inc.	<u>/S/</u>
AEP Kentucky Coal, LLC	<u>/S/</u>
AEP Kentucky Transmission Company, Inc.	<u>/S/</u>
AEP Nonutility Funding, LLC	<u>/S/</u>
AEP Ohio Transmission Company, Inc.	<u>/S/</u>
AEP Oklahoma Transmission Company, Inc.	<u>/S/</u>
AEP OnSite Partners, LLC	<u>/S/</u>
AEP Pro Serv, Inc.	<u>/S/</u>
AEP Properties, LLC	<u>/S/</u>
AEP Renewables, LLC	<u>/S/</u>
AEP Retail Energy Partners, LLC	<u>/S/</u>
AEP Southwestern Transmission Company, Inc.	<u>/S/</u>
AEP Storage Holding Company, LLC	<u>/S/</u>
AEP Storage New York, LLC	<u>/S/</u>
AEP T & D Services, LLC	<u>/S/</u>
AEP Texas Central Transition Funding, LLC	<u>/S/</u>
AEP Texas Central Transition Funding II, LLC	<u>/S/</u>
AEP Texas Central Transition Funding III, LLC	<u>/S/</u>
AEP Texas Inc.	<u>/S/</u>
AEP Texas North Generation Company, LLC	<u>/S/</u>
AEP Texas Restoration Funding LLC	<u>/S/</u>
AEP Transmission Company, LLC	<u>/S/</u>
AEP Transmission Holding Company, LLC	<u>/S/</u>

AEP Transmission Partner, LLC	<u>/S/</u>
AEP Utility Funding, LLC	<u>/S/</u>
AEP West Virginia Transmission Company, Inc.	<u>/S/</u>
AEP Wind Holdings, LLC	<u>/S/</u>
Appalachian Consumer Rate Relief Funding LLC	<u>/S/</u>
Appalachian Power Company	<u>/S/</u>
Blackhawk Coal Company	<u>/S/</u>
Bold Transmission, LLC	<u>/S/</u>
Boulder Solar II, LLC	<u>/S/</u>
Brainerd Solar LLC	<u>/S/</u>
Broad Street Fuel Cell, LLC	<u>/S/</u>
BSE Solutions, LLC	<u>/S/</u>
Cedar Coal Company	<u>/S/</u>
Central Appalachian Coal Company	<u>/S/</u>
Central Coal Company	<u>/S/</u>
Century West PNL LLC	<u>/S/</u>
Conesville Coal Preparation Company	<u>/S/</u>
CSW Energy, Inc.	<u>/S/</u>
Dolet Hills Lignite Company, LLC	<u>/S/</u>
Dynasty PNL LLC	<u>/S/</u>
Exeter Solar Power 1, LLC	<u>/S/</u>
Franklin Real Estate Company	<u>/S/</u>
Garnet Solar Partners, LLC	<u>/S/</u>

Imboden II Solar, LLC	<u>/S/</u>
Imboden III Solar, LLC	<u>/S/</u>
Indiana Franklin Realty, Inc.	<u>/S/</u>
Indiana Michigan Power Company	<u>/S/</u>
Jacumba Solar, LLC	<u>/S/</u>
Kamaaha PNL LLC	<u>/S/</u>
Kentucky Power Company	<u>/S/</u>
Kingsport Power Company	<u>/S/</u>
Kyte Works, LLC	<u>/S/</u>
Kona CE, LLC	<u>/S/</u>
Midwest Energy Finance, LLC	<u>/S/</u>
Mutual Energy SWEPCO LLC	<u>/S/</u>
North Smithfield Solar Power 1, LLC	<u>/S/</u>
Northwest Jacksonville Solar Partners, LLC	<u>/S/</u>
Ogdensburg Solar Partners, LLC	<u>/S/</u>
Ohio Franklin Realty, LLC	<u>/S/</u>
Ohio Phase-In Recovery Funding LLC	<u>/S/</u>
Ohio Power Company	<u>/S/</u>
Pavant Solar III LLC	<u>/S/</u>
Price River Coal Company, Inc.	<u>/S/</u>
Public Service Company of Oklahoma	<u>/S/</u>
Quincy II Solar Garden LLC	<u>/S/</u>
Rutland Renewable Energy LLC	<u>/S/</u>

Snowcap Coal Company, Inc.	<u>/S/</u>
SoCore Sherburne 1 LLC	<u>/S/</u>
Southern Appalachian Coal Company	<u>/S/</u>
Southwest Arkansas Utilities Corp.	<u>/S/</u>
Southwestern Electric Power Company	<u>/S/</u>
SSLV PNL LLC	<u>/S/</u>
Trout Creek Solar, LLC	<u>/S/</u>
Twin Lantern Solar Partners, LLC	<u>/S/</u>
United Sciences Testing, Inc.	<u>/S/</u>
Wheeling Power Company	<u>/S/</u>

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-18:

Refer to Schedule G-7.3b of the rate filing package filed by SWEPCO in Docket No. 46449 at lines 15-20 which states, "The consolidated regular tax is allocated among the members of the group based on the ratio of each member's separate return corporate taxable income to the total separate return corporate taxable income. With the exception of the parent company, each member of the group having a separate return corporate taxable loss will be included in the allocation of the regular consolidated tax and will receive current payment for the reduction in the regular consolidated tax liability resulting from the inclusion of the losses in the consolidated return." Has this provision of the tax sharing agreement changed since the test year in Docket No. 46449? If it was changed, how and why was it changed?

Response No. STAFF 9-18:

The tax allocation agreement has not been modified since the test year in Docket No. 46449. The agreement (see 9-17 Attachment 1) states that any member of the consolidated group with a positive tax allocation will pay the holding company its net tax due. It also states that the holding company will make a payment to a member with a negative tax allocation to the extent that the consolidated group's tax is reduced by that member's negative tax allocation. The tax allocation agreement dictates the movement of cash between members of the consolidated group.

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Sponsored By: David A. Hodgson

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